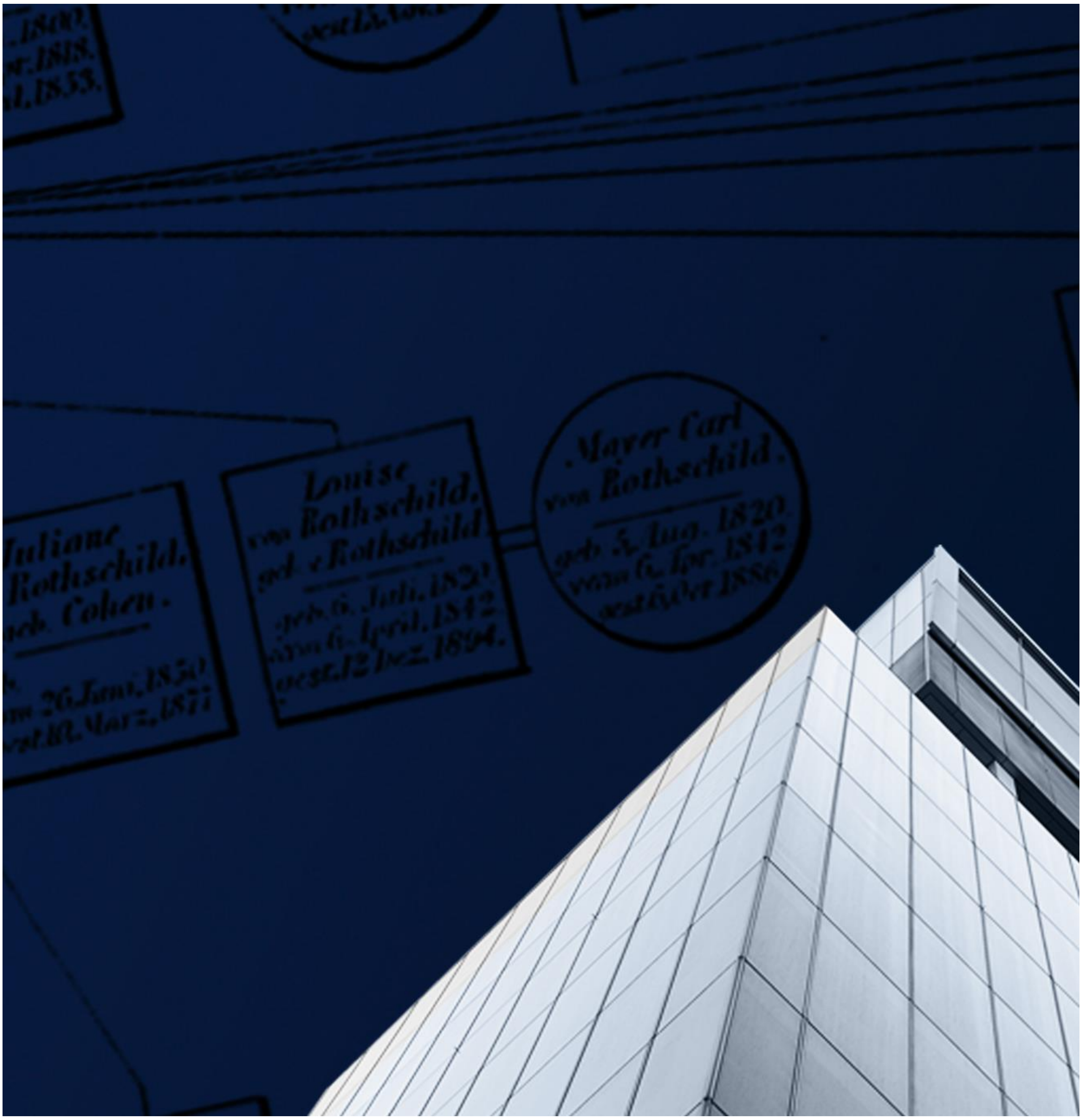
N.M. Rothschild & Sons Limited

Annual Report & Accounts for the year to 31 December 2023

Registered number: 00925279



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Principal activities

N.M. Rothschild & Sons Limited ("NMR" or "the Company") is the main UK operating subsidiary of Rothschild & Co SCA, the French private parent company. The principal activity of the Company is Global Advisory ("GA"), which focuses on providing advice in the areas of Strategic Advisory and M&A, Financing Advisory encompassing Debt Advisory, Restructuring and Equity Markets Solutions. Alongside our UK GA business, NMR owns 50.01% of Rothschild & Co Europe B.V. and 100% of Rothschild & Co Australia Limited, which are the holding companies for our continental European and Australian GA businesses. The remaining 49.99% of Rothschild & Co Europe B.V. is owned by Rothschild & Cie SCS.

Further information on the Rothschild & Co Group (the "R&Co Group") can be found on www.rothschildandco.com.

Strategic developments

NMR's strategy continues to be focused on developing its GA business, having almost entirely reduced its legacy banking exposures since the 2008 financial crisis. NMR also provides functional support for the R&Co Group's other activities.

During the year, our GA business delivered a robust performance supported by its leading market position and despite a worsening macro-economic environment. The GA business across the R&Co Group has, once again, ranked 1st in the UK and in Europe by number of completed transactions, as well as ranking 1st globally based on the same measure.

Over the course of 2023, the Company saw a 45% fall in M&A revenue compared to the prior year. In Financing Advisory, revenue was up 10%, which was a strong performance notwithstanding low levels of activity in the capital markets, demonstrating our capabilities to advise clients on their most important strategic and financial needs across a wide range of situations and environments.

During the year, Concordia, the holding company of the Rothschild family and the largest shareholder of Rothschild & Co, announced its intention to file a simplified tender offer for the Rothschild & Co shares. Following clearance from the AMF (Autorité des marchés financiers) the offer was opened on 24 July 2023 at a price of €38.60 Euros per Rothschild & Co share. As a result of this, NMR sold its shares in Rothschild & Co for a net cash receipt of €49.4m in September 2023.

Results overview

Total operating income for the year to December 2023 was £414.4m, down 20.5% compared to full year 2022 which was the second best ever result for NMR.

Operating expenses of £325.4m were 21.8% lower than last year with variable compensation down compared to 2022 largely due to lower revenue performance. Non-personnel costs were up compared to 2022 as anticipated, which was offset by an increase in the recharge of global support costs to Rothschild & Co entities. Part of the compensation is paid by way of deferred bonuses which are normally paid up to 3 years after award on condition that the relevant staff remain in the employment of the R&Co Group. Accordingly, the costs of deferred bonuses are spread over the vesting period rather than expensed in the year of award.

	2023 £m	2022 £m	*Variance %*
Net GA fee income	336.8	502.9	*(33.0)*
Net fee income - other	(0.1)	(0.1)	-
Net interest income/(expense)	9.0	0.4	*1972.7*
Dividend income	65.7	21.6	*204.6*
Other income / (expense)	3.0	(3.7)	*181.1*
Total operating income	**414.4**	**521.1**	***(20.5)***
Impairments	(0.4)	0.3	*(249.7)*
Net operating income	**413.9**	**521.4**	***(20.6)***
Operating expenses (inc. depreciation)	(325.4)	(396.2)	*21.8*
Profit before tax	**88.5**	**125.2**	***(29.3)***
Tax	(9.1)	(30.2)	*75.6*
Profit after tax	**79.4**	**95.0**	***(14.5)***

Net interest income includes £7.8m of IFRS16 related interest expense on funding of property leases but has benefitted from increased rates in 2023. Dividend income of £65.7m was largely driven by distributions from Rothschild & Co Europe B.V. and Rothschild & Co SCA.

Strategic report

As a result, profit before tax for the year to December 2023 was £88.5m, down £36.7m from the result in 2022 at £125.2m.

Balance sheet

The balance sheet at £1,191.9m was down £184.2m on the prior year. The Company's lending activities are now largely confined to supporting the wider R&Co Group through the use of surplus liquidity. At 31 December 2023 the balance sheet remained liquid, with liquid assets of £299.8m (down from £391.6m as at December 2022), including loans with banks (primarily £115.0m with R&Co Group banks), UK Government debt securities and AAA rated money market funds.

Capital and dividends

Total equity decreased by £114.8m to £729.3m, driven by actuarial losses related to the DB pension fund and the payment of £98m of dividends, of which £34m related to prior year's earnings.

Governance and risk management

NMR is an integral part of the wider R&Co Group and, as such, the governance and risk management framework operates within the overall R&Co Group structure, whilst ensuring that the requirements of the Company are fully covered. The Committees of the Board and the key governance committees to which the NMR Board has delegated authority during the year are summarised on pages 12 to 14.

The Group Chief Risk Officer co-ordinates policy and promotes the development and maintenance of effective risk management procedures throughout the R&Co Group. Alongside this, the Group Internal Audit team reviews the internal control framework and reports its findings to the R&Co Group Audit Committee, as well as reporting NMR matters to the NMR Board.

Principal risks and uncertainties

The key risks and uncertainties to which the Company is exposed are the macroeconomic conditions in the markets in which we operate and changes in the regulatory environment. Currently, these include the potential impact on revenues of a downturn in global M&A activity caused by geo-political and / or macro-economic events.

The Company's principal risks are integrated with those of the R&Co Group and are managed on a Group wide basis. These arise in relation to pension fund (note 22 to the accounts), regulatory, reputational, technology and other operational factors. For a business such as ours, loss of key personnel is a material risk which the Company seeks to mitigate through training, career development and remuneration policies. NMR's exposure to credit, liquidity and market risks continues to reduce and further information regarding financial risk management and use of financial instruments is disclosed in note 2 to the accounts.

Outlook

Market uncertainty is expected to continue through the first half of 2024, with deal activity stubbornly subdued. Expectation of a reduction in inflationary pressures and a lowering of interest rates, and pent-up demand, offer some optimism, abeit dependent on financial sponsors activity picking up.

S172 statement

The Board has a duty under s172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole and in doing so, to have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term,

b) the interests of the Company's employees,

c) the need to foster the Company's business relationships with suppliers, clients and others,

d) the impact of the Company's operations on the community and the environment,

e) the desirability of the Company maintaining a reputation for high standards of business conduct, and

f) the need to act fairly as between members of the Company.

During the year the Board has considered its duties under s172 and how it fulfils its obligations thereof in respect to the following key stakeholder groups:

Shareholders

The Board is appointed by the shareholders to oversee, govern and make decisions on their behalf and so is directly responsible for protecting and managing their interests in the Company, such as approving the payment of dividends by the Company. It does this by setting the strategies, policies and corporate governance structures described elsewhere in these financial statements.

As part of the wider R&Co Group, some of these responsibilities are managed at a group level and described in greater detail in the R&Co financial statements that are available on www.rothschildandco.com/en/investor-relations/.

Employees and pension funds

The Company champions equal opportunities and inclusion throughout all aspects of the employee lifecycle, including but not limited to recruitment, annual appraisals and opportunities for promotion. NMR expects its employees to treat each other fairly and with respect, regardless of age, disability, gender identity, marital and civil partnership status, pregnancy and maternity, paternity, race, ethnicity, national, religion and belief and sexual orientation.

Both NMR and the wider R&Co Group comply with all laws regarding non-discrimination, harassment and victimisation and human rights in the jurisdictions in which it operates. The Company takes discrimination and harassment very seriously and will make every effort to provide a working environment free from harassment, intimidation, victimisation and discrimination, all of which it considers unacceptable behaviour.

In order to help create and maintain a balanced, inclusive and supportive environment, which enables all employees to achieve their personal and professional aspirations and also to provide long-term opportunities for growth, the Company has established a number of networks as part of a Balance & Inclusion initiative, including a Women's Network, LGBT Network, BAME Network and Family Network.

Numerous activities have again been undertaken throughout the year in order to both engage with and support employees, including:

- Regular seminars relating to family, mental, physical and financial wellbeing.
- Initiatives to support Black History Month.
- Initiatives to support International LGBT Pride Month.
- Events to support International Women's Day.
- The mental wellbeing tool, Unmind, which provides support to employees to boost wellbeing by focusing on areas such as sleep, relaxation, focus and energy.
- An alumni network to connect former employees of the R&Co Group.
- Agile working charter which outlines a Company-wide approach to help employees work in the most appropriate and effective way through a combination of office and home working.

The recruitment, training, career development and promotion of less abled persons are fully and fairly considered having regard to the aptitudes and abilities of each individual. Efforts are made to enable employees who become less able during employment to continue their career with the Company and, if necessary, appropriate training is provided.

The Company offers training and development opportunities, including technical training, personal development and eLearning, to help employees reach their full potential and equip them to deliver the best possible solutions for our clients. The Learning & Development team builds and develops learning programmes in-house, as well as organising external courses for employees at all levels within the organisation.

The R&Co Group Health & Safety Policy, which is published on the R&Co Group's intranet, guides the Company's direction and approach to responsible health and safety management. To ensure a consistent approach to maintaining the health, safety and well-being of all persons who might be affected by the activities within an office, all locations commit to implementing the conformance standard by setting procedures listed within the Group Health & Safety requirements ("HSRs") prescribed in the Policy.

The Company provides support to current and former members of staff who are members of the defined benefit pension plans. The Company also offers a defined contribution scheme for those who are not members of the defined benefit scheme. These pension schemes are explained further in note 22 to the accounts.

Further details of staff policies and practices are contained in the "Human resources and social information" section of the R&Co financial statements.

Clients

The Company's clients are vital to the success of the business, and it is important that we deliver with integrity the best possible advice. We are aligned with, and focused on, our clients' success, and care about their business. We know that long lasting relationships depend on this, and our market share is an important indicator of client satisfaction.

We also understand the impact that all clients can have on our business, for example from a reputational, corruption, tax-avoidance or money laundering perspective, and all new clients are subject to thorough due diligence before being accepted.

Suppliers

The Company has developed a responsible UK purchasing policy to include consideration of items such as environment, diversity, health and safety and the modern slave trade. Further details are contained in the "Corporate conduct" section of the R&Co financial statements.

We are committed to countering modern slavery in all its forms and we are taking proportionate measures to ensure that slavery and human trafficking are not taking place in our business or in our supply chains. This includes the formation of a Modern Slavery Working Group in the UK, which meets on an ad hoc basis and works throughout the year to consider any modern slavery risks and the ways in which we can seek to mitigate them on a pragmatic, risk-assessed basis. The Company publishes an annual statement describing the steps taken to combat modern slavery within their businesses. This joint statement (with Rothschild & Co Wealth Management UK Limited and Five Arrows Managers LLP) can be found on the R&Co website.

Equally, we expect suppliers to NMR to adhere to the same high standards of respect for the individual as we adhere to ourselves. If a supplier is considered a high risk from a modern slavery perspective, then we request their adherence to our Anti-Slavery Policy. In addition, we may also draft supplementary modern slavery protections into a contract with a supplier who operates in a sector which is assessed to be high risk.

It is the Company's intention to agree appropriate terms of payment with suppliers and to abide by those terms based on the timely submission of valid invoices. In the absence of agreed terms, the Company's policy is to pay within 30 days from receipt of a valid invoice. The Company is required to report to HMRC twice a year on its payment practices and performance, including the average time taken to pay supplier invoices.

Regulators and tax authorities

The Company insists on the highest standards of professionalism and integrity from our employees who are expected to refrain from any conduct or behaviours that could be perceived unfavourably. This extends to dealing honestly and openly with regulators and tax authorities and in compliance with all relevant laws and regulations.

The Company adheres to the Senior Managers & Certification Regime, which is designed by the FCA to improve trust in financial services by making individuals accountable for their decisions.

In order to maintain these high standards of practice, the R&Co Group also publishes policies, procedures and guidance on the intranet for easy access by employees. This includes policies on financial crime compliance, whistleblowing, market abuse and inside information, and business line specific documents.

The Financial Conduct Authority's new prudential regime for MiFID investment firms (the Investment Firms Prudential Regime, or "IFPR") came into force on 1 January 2022. The Company is therefore subject to rules under IFPR which set out requirements for, amongst other things, regulatory capital, liquidity levels, regulatory reporting and supervision of investment firms. The Board is responsible for ensuring compliance with these new requirements.

The UK tax strategy is in line with the overall approach of the R&Co Group to taxation matters. The full strategy is published on the R&Co website.

The Company also ensures that employees undertake regular training through both mandatory online assessments and real-time training sessions and seminars, covering matters of professional competence, regulatory compliance and risk. These help to ensure that everyone has a common understanding of the legal and regulatory requirements of the R&Co Group.

The wider community

The Company's approach to business includes a deeply held sense of responsibility to the environment and the communities in which we operate.

Strategic report

Community Investment

R&Co4Generations is Rothschild & Co's dedicated philanthropic foundation with a mission to empower future generations and protect our world. We collaborate with social purpose organisations working to address the effects of social and economic inequalities and climate change. We drive change by supporting initiatives and projects in the following areas:

- Champion education, skills and talents to help young people reach their potential
- Cultivate entrepreneurial mindsets in young people to create agents of social change
- Empower organisations tackling global challenges with innovative solutions
- Promote environmental action to protect and enhance our communities for future generations

R&Co4Generations' primary focus lies on supporting local charities that are operating in the geographies in which Rothschild & Co has a presence. In addition, each year R&Co4Generations will support a number of global flagship projects, providing an increased level of support to selected initiatives working across geographies on issues of global significance.

In supporting such initiatives R&Co4Generations aims to make full use of the tools Rothschild & Co has at its disposal, including:

- grant funding for innovative charities and social enterprises working in the chosen fields;
- targeted fundraising campaigns with company matching to support the projects;
- social impact investing and to support changemakers who are developing cutting-edge solutions to some of the most pressing social and environmental challenges the world faces;
- pro-bono advisory support where the R&Co Group can share its professional knowledge and skills to strengthen resilience and sustainability of high impact and promising organisations; and
- targeted, purposeful volunteering programmes which allow colleagues to contribute directly and tangibly to causes which share the R&Co Group's objectives.

The R&Co4Generations fund is managed under the umbrella of the King Baudouin Foundation ("KBF"), a public utility foundation registered in Belgium. Rothschild & Co entities contribute to the fund either directly or via KBF's global network of subsidiaries and partner foundations.

The fund is governed by a Management Committee comprised of Rothschild & Co executives and independent subject matter experts. The Management Committee selects projects for support on the basis of objective criteria and tools specially designed to assist with this process. Selection criteria include alignment with the R&Co4Generations mission; likelihood of contributing to long term; sustainable change; scalability or replicability; employee engagement opportunities including fundraising, volunteering and pro-bono advisory.

Engaging employees is central to the R&Co4Generations' mission. All Rothschild & Co colleagues are encouraged to put forward their proposals for causes to support, and to get involved in selected projects through volunteering or by joining a pro-bono advisory team. Regular updates on project selection, activities and progress are shared with employees on the R&Co Group's intranet or via email.

Environment

Rothschild & Co has made its long-term ambition to support the sustainability transition of the global economy through its expertise and influence a core pillar in its strategy at R&Co Group level.

Recognising that climate-related physical and transition risks have the potential to destabilise the global economy, the R&Co Group is committed to supporting and contributing to the transition to a low-carbon economy. This commitment is one of the key priorities in the R&Co Group's ESG framework, which forms the basis for the integration of sustainability-related risks, opportunities and impacts at every relevant level of our organisation and into the existing risk management framework.

The R&Co Group's assessment of climate-related risks, which is now considered as part of a sustainability risk module in the R&Co Group's annual strategic risk assessment process currently concludes that due to the R&Co Group's business model, climate change-related physical risks are not likely to have a material impact on credit, liquidity and market risk relating to our balance sheet activities in the short term. The R&Co Group is likely to have more exposure in the short-to medium-term to climate-related transition risks, which have the potential to amplify existing strategic risks of the R&Co Group, primarily in the area of regulation, the need to adapt internal control frameworks in an uncertain environment and changing stakeholder and market expectations; all of these contribute to the overall risk that our firm's reputation would suffer if it was to be perceived as being slow or unwilling to address the issues raised by climate change. Rothschild & Co has defined objectives for its businesses and is own operations to manage material climate-related transition risks and seize opportunities resulting from the low-carbon-transition of the global economy, supported by policy frameworks for its different activities aimed at a comprehensive understanding and management of the potential impacts of climate change on our activities.

Operational environmental management

Rothschild & Co is committed to contributing to a more environmentally sustainable economy and to limiting the R&Co Group's environmental impact. The support of the transition to a low-carbon economy and the preservation and protection of biodiversity are two key sustainability priorities for the R&Co Group.

A continuous approach to operational environmental management is anchored in the Group Environmental Management Policy, which promotes compliance and the strengthening of environmental performance and awareness across the Group, based on a philosophy of "Reduce, Replace and Compensate".

The R&Co Group's operational GHG emissions reduction target (-30% 2018-2030) is aligned with the trajectory of the Paris Agreement. This commitment requires the R&Co Group to make changes to the way it operates and to reduce its absolute scope 1 and scope 2 emissions by more than 80%, and its reported operational scope 3 emissions by 24% per FTE by 2030. To support the reduction efforts, the R&Co Group has set an Internal Carbon Price (ICP), which is charged to all business units annually based on actual emissions at €72 per ton of CO_2e (2022). This mechanism places a monetary value on operational GHG emissions and is a way to responsibly influence emissions within all business lines, including those related to travel.

Scope 1 & 2 emissions: energy

To ensure sustainable sourcing of energy, and further limit related operational GHG emissions, the R&Co Group has committed to procuring 100% of electricity from renewable sources by 2025. In 2023, energy consumption increased due to increasing FTE and new office sites, resulting in an overall decrease of the share of electricity procurement from renewable sources (91% in 2023 compared to 92% in 2022).

However, energy consumption per FTE was reduced by 10% compared to 2022, which reflects our efforts to reduce energy consumption and increase energy efficiency across offices. Guidance and support are provided to offices to bridge the remaining gap via the Group Renewable Electricity Procurement Standard under the Group Environmental Management Policy.

Offices within the UK consumed 10,202 MWh of energy in 2023, which represents 43% of total R&Co Group energy consumption (23,594 MWh). Electricity accounted for 55% of MWh consumption (5,609 MWh) whilst bioenergy accounted for 34% (3,495 MWh). The remaining energy consumption was from Natural gas. 97% (5,488 MWh) of electricity consumed by UK offices was purchased from 100% Renewable sources.

Scope 3 operational emissions: travel

Travel-related GHG emissions constitute a material driver of the R&Co Group's operational scope 3 emissions and have increased from 11,833 tCO_2e in 2022 to 14,068 tCO_2e (using UK BEIS 2022 GHG emission factors) (or 18,587 tCO_2e using UK BEIS 2023 GHG emission factors which apply pandemic load factors) in 2023 as business travel has resumed in a post-pandemic context, whilst remaining below levels observed in 2018 and 2019.

The R&Co Group aims to limit the post-pandemic travel rebound effect by capitalising on longer term changes to more hybrid working patterns and behaviours and opportunities for productivity gains of remote working. In addition, the R&Co Group complemented its reduction efforts for travel-related emissions with the purchase of a limited amount of Sustainable Aviation Fuel (SAF) certificates for emissions related to business flights in 2023 (leading to reduction of 1,012t CO2e).

Materials use

The Group aims to manage its resource use responsibly and as far as practicable. The most used material is paper, and the Group maintained its commitment to reduce consumables and track their use.

Responsible management of materials use is embedded in the Group's working practices and the Group will continue to work to reduce non-sustainable purchasing. Guidance issued via the Group Responsible Materials Use Standard under the Group Environmental Management Policy highlights the offices' obligations to ensure the procurement and use of sustainable materials and consumables such as paper.

Please refer to the Sustainability section of the Annual Report 2023 for further detail.

By Order of the Board

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Robert Leitao

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Robert Leitão

N.M. Rothschild & Sons Limited

Registered number: 00925279

New Court, St Swithin's Lane, London EC4N 8AL

7 March 2024

Report of Directors

The Directors present their Directors' report and financial statements for the year ended 31 December 2023. An overview of the business and its performance is included in the strategic report.

Branches and representative offices overseas

The Company had a branch office during the year in Denmark.

Dividends

During the year to December 2023, the Directors declared and paid dividends totalling £98,000,000. A dividend of £18,200,000 was approved by the Directors and will be paid in March 2024 (March 2023: £68,000,000).

Going concern

The Directors are satisfied that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, as a result, the Directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The Directors who held office during the period were as follows:

- Nicholas Wrigley (Non-executive Chairman)
- Robert Leitão (Chief Executive Officer)
- Christopher Coleman (resigned 21 September 2023)
- Andrew Didham (Non-executive) (resigned 21 September 2023)
- Anthony De Rothschild (Non-executive)
- Sir Peter Estlin (Non-executive)
- Paul O'Leary (resigned 4 August 2023)
- Jonathan Westcott (resigned 21 September 2023)
- Jessica Hanmer
- Emma Griffin (Non-executive) (appointed 22 May 2023)
- Nick Tassell (appointed 7 June 2023)
- John King (appointed 13 September 2023)

Directors' indemnity

The Company has provided qualifying third-party indemnities for the benefit of its Directors. These were provided during the period and remain in force at the date of this report.

Employee information and employment policy

Details of the Company's employment and corporate and social responsibility policies are included in the strategic report with further information provided in the R&Co Group's annual report which can be found at www.rothschildandco.com.

Political donations

No political donations were made, or political expenditure incurred during the period.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office for the next financial year.

Audit Information

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, the report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Report of Directors

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board

DocuSigned by:

Robert Leitao

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Robert Leitão
N.M. Rothschild & Sons Limited
Registered number: 00925279
New Court, St Swithin's Lane, London EC4N 8AL
7 March 2024

Committees

NMR has constituted the following Committees of the Board, whose memberships generally comprise NMR Non-Executive Directors only or, in the case of the NMR Remuneration Committee, at least 50% of the membership is non-executive:

NMR Board Committees	
NMR Nominations Committee This committee leads the review process for appointments to the Board and oversees the development of a diverse pipeline for succession to both the Board and wider senior management within NMR.	Nicholas Wrigley (Chair), Anthony de Rothschild, Sir Peter Estlin, Emma Griffin
NMR Remuneration Committee This committee exercises competent and independent judgement on remuneration policies and practices and the incentives created for managing risk, capital and liquidity and is responsible for preparing decisions regarding remuneration, including decisions which have implications for the risk and risk management of the firm and which are to be taken by the NMR Board.	Sir Peter Estlin (Chair), Robert Leitão
NMR Risk Committee This committee advises the Board on the firm's overall current and future risk appetite and risk strategy; and assists the Board in overseeing the implementation of that strategy by senior management.	**Membership** Sir Peter Estlin (Chair), Anthony de Rothschild, Emma Griffin, John King

Committees

To facilitate the efficient and effective administration of the Company's affairs, certain functions and responsibilities have been delegated by the NMR Board to the following committees, a number of which cover the wider Rothschild & Co ("R&Co") Group. The terms of reference and membership of these committees are regularly reviewed.

R&Co Group Committees as at 31 December 2023	
R&Co Group Executive Committee The purpose of the Group Executive Committee is to set and monitor the R&Co Group's strategy and direction, determine the effective use of R&Co's financial resources, make decisions on major business issues, and supervise the process of talent development and succession across the businesses.	Robert Leitão (Co-Chair), François Pérol (Co-Chair), Paul Barry, Grégoire Chertok, Mark Crump, Elsa Fraysse, Laurent Gagnebin, Javed Khan, Marc-Olivier Laurent, Alain Massiera, Gary Powell, Emmanuelle Saudeau, Helen Watson
R&Co Group Operations Committee The purpose of the Group Operations Committee is to improve the efficiency of all the Group's operations, ensure better coordination and harmonisation of operational matters across the businesses and the sharing of ideas, oversee cross-Divisional projects and initiatives, and control support costs.	Mark Crump (Chair), Paul Barry, Pierre Baudard, Frédérique Bonnell, Aldo di Rienzo, Tracey Feldman, Elsa Fraysse, David Gerke, Ben Grain, Adam Greenbury, Anne Imbach, Philippe Le Bourgeois, Ben Cullen, Warner Mandel, Caroline Nico, Dani Webber
R&Co Group Assets and Liabilities Committee This committee is responsible for monitoring and managing all balance sheet, market and liquidity risks within the Group, overseeing all Treasury operations within the Group and having oversight of the Group Credit Committee.	**Membership** Mark Crump (Chair), Adam Greenbury (Alternate Chair), Peter Barbour, Christian Bouet, Christopher Coleman, Aldo di Rienzo, Fabrice Guillard, David Oxburgh
R&Co Group Credit Committee - Corporate Credit Sub-Committee This committee is responsible for the oversight of corporate lending exposures (including credit risk and the pricing of loans) by Group entities, including NMR's corporate loan book, and provisions for bad and doubtful debts. Exposures exceeding certain limits are subject to ratification by the R&Co Group Assets and Liabilities Committee.	**Membership** Christopher Coleman (Chair), Rosalyn Harper, John King, Ian Walker, Adam Greenbury (non-voting member),
New Client Acceptance Committee This committee approves, from a reputational, money laundering and due diligence perspective, all new clients and reapproves all existing clients to be accepted by the Global Advisory business, including NMR. All clients are then ratified by the UK GA Risk Committee, and certain reserved matters are referred for approval to the UK GA Risk Committee or to the Global GA Risk Committee.	**Membership** Jonathan Westcott (Chairman), Jessica Dale, Adam Greenbury (Alternate Chair), Nicholas Ivey, Gavin Orde, Sabina Pennings, Axel Stafflage (Alternate Chair), Albrecht Stewen, Isabel Tatlow

Committees

R&Co Supervisory Board Committees which have oversight responsibilities	
R&Co Audit Committee This committee supervises and reviews the Group's process of drawing up financial information, provides an appraisal of the relevance of accounting methods used to draw up individual and consolidated accounts, reviews internal audit arrangements, liaises with the R&Co Group's external auditors and monitors the overall system and standards of internal control.	**Membership** Sir Peter Estlin (Chair), Véronique Weill, Groupe Industriel Marcel Dassault represented by Olivier Costa de Beauregard
R&Co Risk Committee This committee advises on the overall current and future risk appetite and strategy, oversees the implementation of that strategy, reviews the material risks and total Group exposures to such risks, reviews the Group's broad guidelines relating to risk management and the effectiveness of the risk management policies, and examines incentives provided by the remuneration policies and practices to ensure that they are consistent in the light of the risk, capital and liquidity, and likelihood and timing of expected earnings for entities.	**Membership** Véronique Weill (Chair), Sir Peter Estlin, Groupe Industriel Marcel Dassault represented by Olivier Costa de Beauregard
R&Co Sustainability Committee The Committee monitors issues relating to corporate, social and environmental responsibility so that R&Co can best anticipate the opportunities, challenges and associated risks, and monitors the policies and objectives set, the procedures for identifying risks and preparing non-financial information.	**Membership** Lucie Maurel-Aubert (Chair), Lord Mark Sedwill, Giammaria Giuliani, Helen Watson, Peugeot Invest Assets represented by Bertrand Finet

Independent Auditor's report to the members of N.M. Rothschild & Sons Limited

Opinion

We have audited the financial statements of N.M. Rothschild & Sons Limited (the "Company") for the year ended 31 December 2023 which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors, internal audit and other heads of departments and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

- Considering remuneration incentive schemes and performance targets for management; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that fee income is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted and approved by the same user, those posted by infrequent users and any unusual debit-credit pairings identified.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10 and 11, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Richard Rawstron
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Richard Rawstron (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London E14 5GL

7 March 2024

Income statement
for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Fee and commission income	**4**	413,150	591,494
Fee and commission expense	**4**	(76,431)	(88,639)
Net fee and commission income		**336,719**	**502,855**
Interest and similar income	**5**	23,966	9,607
Interest expense and similar charges	**5**	(15,012)	(9,175)
Net interest income		**8,954**	**432**
Dividend income	**6**	65,693	21,568
Other operating income / (expense)	**7**	3,020	(3,724)
Total operating income		**414,386**	**521,131**
Impairment (losses) / gains on financial instruments	**11**	(440)	294
Net operating income		**413,946**	**521,425**
Operating expenses	**8**	(311,605)	(383,877)
Depreciation and impairments	**16,17**	(13,805)	(12,349)
Profit before tax		**88,536**	**125,199**
Tax	**10**	(9,138)	(30,233)
PROFIT AFTER TAX		**79,398**	**94,966**
Attributable to:			
Ordinary shareholders		68,463	86,236
Holders of perpetual instruments		10,935	8,730
		79,398	**94,966**

The notes on pages 24 to 68 form an integral part of these financial statements

Statement of comprehensive income
for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Profit after tax		**79,398**	**94,966**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial (losses) / gains on defined benefit pension funds	**22**	(46,824)	122,265
Movement in fair value reserve: net change in fair value of equity investments at FVOCI		(52,069)	38,374
Income tax thereon	**10**	11,706	(22,269)
Other comprehensive income for the period, net of income tax		**(87,187)**	**138,370**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(7,789)**	**233,336**
Attributable to:			
Ordinary shareholders		(18,724)	224,606
Holders of perpetual instruments		10,935	8,730
		(7,789)	**233,336**

The notes on pages 24 to 68 form an integral part of these financial statements

Balance sheet
as at 31 December 2023

	Notes	2023 £'000	2022 £'000
Assets			
Cash		7	10
Loans and advances - banks	**11**	171,807	238,026
Loans and advances - other	**11**	178,768	196,345
Investment securities	**12**	279,870	398,773
Derivatives	**13**	1,692	-
Other assets	**14**	190,635	166,239
Investments in subsidiary undertakings	**15**	5,899	5,899
Property, plant and equipment	**16**	19,541	14,221
Right of use assets	**17**	156,882	150,938
Defined benefit pension surplus	**22**	161,165	197,287
Current tax assets		25,604	8,343
Total assets		**1,191,870**	**1,376,081**
Liabilities			
Due to banks		295	-
Due to group companies		47,948	36,100
Lease liabilities	**18**	193,531	184,332
Derivatives	**13**	-	4,698
Other liabilities	**20**	53,587	55,486
Deferred tax liability	**21**	2,361	2,802
Defined benefit pension liability	**22**	675	764
Accruals and deferred income		164,207	247,811
Total liabilities		**462,604**	**531,993**
Equity			
Share capital	**29**	57,655	57,655
Share premium account		97,936	97,936
Retained earnings		322,332	385,085
Fair value reserve		127,008	179,077
		604,931	**719,753**
Perpetual instruments	**30**	124,335	124,335
Total equity		**729,266**	**844,088**
TOTAL EQUITY AND LIABILITIES		**1,191,870**	**1,376,081**

The accounts on pages 19 to 68 were approved by the Board of Directors on 6 March 2024 and were signed on its behalf by:

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Robert Leitao
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Robert Leitão, Chief Executive Officer
7 March 2024

John King, Director
7 March 2024

The notes on pages 24 to 68 form an integral part of these financial statements

Statement of changes in equity
for the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Retained earnings £'000	Fair value reserve £'000	Perpetual instruments £'000	Total equity £'000
At 1 January 2023	**57,655**	**97,936**	**385,085**	**179,077**	**124,335**	**844,088**
Profit after tax	-	-	68,463	-	10,935	79,398
Other comprehensive income (net of tax):						
Actuarial losses on defined benefit pension funds	-	-	(35,118)	-	-	(35,118)
Equity instruments at fair value through OCI – net change in fair value	-	-	-	(52,069)	-	(52,069)
Total comprehensive income	**-**	**-**	**33,345**	**(52,069)**	**10,935**	**(7,789)**
Dividends paid	-	-	(98,000)	-	-	(98,000)
Equity-settled share-based payments	-	-	212	-	-	212
Tax relief re equity-settled share-based payments	-	-	1,690	-	-	1,690
Interest on perpetual instruments	-	-	-	-	(15,539)	(15,539)
- tax thereon	-	-	-	-	4,604	4,604
At 31 December 2023	**57,655**	**97,936**	**322,332**	**127,008**	**124,335**	**729,266**

	Share capital £'000	Share premium £'000	Retained earnings £'000	Fair value reserve £'000	Perpetual instruments £'000	Total equity £'000
At 1 January 2022	**57,655**	**97,936**	**350,679**	**140,703**	**124,335**	**771,308**
Profit after tax	-	-	86,236	-	8,730	94,966
Other comprehensive income (net of tax):						
Actuarial gains on defined benefit pension funds	-	-	99,997	-	-	99,997
Equity instruments at fair value through OCI – net change in fair value	-	-	-	38,374	-	38,374
Total comprehensive income	**-**	**-**	**186,233**	**38,374**	**8,730**	**233,337**
Dividends paid	-	-	(148,000)	-	-	(148,000)
Equity-settled share-based payments	-	-	479	-	-	479
Tax relief re equity-settled share-based payments	-	-	(213)	-	-	(213)
Transfer of goodwill to Group entity	-	-	(4,093)	-	-	(4,093)
Interest on perpetual instruments	-	-	-	-	(10,725)	(10,725)
- tax thereon	-	-	-	-	1,995	1,995
At 31 December 2022	**57,655**	**97,936**	**385,085**	**179,077**	**124,335**	**844,088**

The notes on pages 24 to 68 form an integral part of these financial statements

Cash flow statement
for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Profit before tax		88,536	125,199
Non-cash items included in net profit and other adjustments			
Depreciation	**16,17**	13,805	12,102
Disposal of goodwill	**19**	-	4,093
Interest charge on lease liabilities	**18**	7,795	7,160
Dividends received from subsidiaries, associates and joint ventures	**6**	(61,239)	(20,569)
Adjustment to right of use valuation	**17**	-	247
Impairment of financial assets (net of recovery)		440	(294)
Equity-settled share-based payments		212	479
Net (increase) / decrease in operating assets and liabilities		**(38,987)**	**3,218**
Derivatives	**13**	(6,390)	14,651
Debt and equity securities (excluding cash equivalents)	**12**	53,263	29,320
Loans and advances - other	**11**	17,137	25,744
Other assets		(24,396)	(49,302)
Net due to / from banks (excluding cash equivalents)		(5,495)	34,627
Due to group companies		14,669	(11,248)
Accrued expenses and other liabilities		(99,616)	8,007
Taxes paid (net)		(8,557)	(27,277)
		(59,385)	**24,522**
Net cash flow (used in) / from operating activities		**(9,836)**	**152,939**
Dividends received from subsidiaries, associates and joint ventures	**6**	61,239	20,569
Rent paid on right of use assets	**18**	-	(13,697)
Purchase of property, plant and equipment	**16**	(8,879)	(2,663)
Net cash flow from investing activities		**52,360**	**4,209**
Cash flow used in financing activities			
Rent paid on right of use assets	**18**	(14,274)	-
Dividends paid	**25**	(98,000)	(148,000)
Interest paid on perpetual instruments	**25**	(15,539)	(10,725)
Net cash flow used in financing activities		**(127,813)**	**(158,725)**
Net decrease in cash and cash equivalents		**(85,289)**	**(1,577)**
Cash and cash equivalents at beginning of period		319,212	320,789
Cash and cash equivalents at end of period	**26**	**233,923**	**319,212**

Interest receipts and payments during the period were as follows:

	2023 £’000	2022 £’000
Interest received	25,001	8,929
Interest paid	7,217	2,025

The notes on pages 24 to 68 form an integral part of these financial statements

Note: In the current year rent paid on right of use assets is included in financing activities; the prior year comparative has not been restated.

Notes to the financial statements
(forming part of the financial statements)

1 Summary of significant accounting policies

N.M. Rothschild & Sons Limited (the "Company") is a private company limited by shares and incorporated in England and Wales. The Company's registered office address is at New Court, St Swithin's Lane, London, EC4N 8AL.

Developments in reporting standards and interpretations

Standards affecting the financial statements

There were no new standards or amendments to standards that have been applied in the financial statements for the year ended 31 December 2023.

New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for accounting periods ending after 31 December 2023 and therefore have not been applied in preparing these financial statements. The Company has reviewed these new standards to determine their effects on the Company's financial reporting. None of these are expected to have a significant effect on the Company's financial statements.

Basis of preparation

Functional and presentation currency

These financial statements are presented in sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Measurement Convention

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (adopted "IFRS"). The financial statements are prepared under the historical cost convention, except that financial assets held for trading or designated as fair value through profit or loss and all derivative contracts are stated at their fair value.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

The principal accounting policies set out below have been consistently applied in the presentation of the financial statements. Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed later in note 1.

Going concern

The Directors have continued to monitor the appropriateness of the going concern basis for the Company, both throughout the year and beyond the balance sheet date, for a period of at least 12 months.

Management has performed an assessment to determine whether there are any material uncertainties that could cast significant doubt on the ability of the Company to continue as a going concern; no significant issues have been noted. In reaching this conclusion, management considered:

- The financial impact of any uncertainty on the Company's balance sheet;
- Severe but plausible downside scenarios as part of their assessment including scenarios with a significant reduction in revenues;
- The Company's liquidity position based on current and projected cash resources; and
- The operational resilience of existing IT and infrastructure.

Based on the above assessment of the Company's financial position, the Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future (for a period of at least twelve months after the date that the financial statements are signed), Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Investments in subsidiary undertakings

Subsidiary undertakings are all entities which are controlled by the Company. The Company 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiary undertakings are carried at cost less any impairment losses.

Foreign exchange

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation at period end exchange rates of monetary items that are denominated in foreign currencies, are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates when the fair value was determined.

Translation differences on equities classified as at fair value through profit or loss are reported as part of the fair value gain or loss in the income statement. Translation differences on equities classified as FVOCI are included in the fair value reserve in equity.

Derivative financial instruments

Derivatives are entered into for risk management purposes and are measured at fair value, with transaction costs recorded immediately in the income statement. Subsequent to initial recognition, changes in fair value are recognised in the income statement.

Fee and commission income

The Company earns fee and commission income from services provided to clients. Fee income from advisory and other services can be divided into two broad categories: fees earned from services that are provided over a period of time, which are recognised over the period in which the service is provided; and fees that are earned on completion of a significant act or on the occurrence of an event, such as the completion of a transaction, which are recognised when the act is completed or the event occurs.

Fees and commissions that are an integral part of a loan, and loan commitment fees for loans that are likely to be drawn down, are deferred (together with related direct costs) and recognised over the life of the loan as an adjustment to the effective interest rate.

Interest income and expense

Interest income and expense represents interest arising out of lending and borrowing activities, interest on related hedging transactions, interest on debt securities and finance charges on lease liabilities. Interest income and expense is recognised in the income statement using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the estimated future cashflows of a financial instrument to its net carrying amount. It is used to calculate the amortised cost of a financial asset or liability and to allocate the interest over the relevant period (usually the expected life of the instrument). When calculating the effective interest rate, the Company considers all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes any premiums or discounts, as well as all fees and transaction costs that are an integral part of the financial asset.

Financial assets

The Company initially recognises loans and advances and deposits on the date on which they start. All other financial assets and liabilities are recognised on trade date.

On initial recognition financial assets are classified as measured at: amortised cost or fair value through other comprehensive income (“FVOCI”) or fair value through profit and loss (“FVTPL”).

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

For the purposes of this assessment “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amounts and timing of cash flows;
- prepayment and extension terms;
- leverage features;
- terms that limit the Company’s claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

Subsequent measurement of financial assets measured at amortised cost, including interest, impairment and foreign exchange gains or losses, are recognised in the income statement.

Financial assets measured at fair value through other comprehensive income (“FVOCI”)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets measured at fair value through profit and loss (“FVTPL”)

All other financial assets are classified as measured at FVTPL. Any gains or losses arising on disposal of these assets are recognised within the P&L.

Business model assessment

The Company makes an assessment of the business model in which a financial asset is held based on the way in which the business is managed, and information provided to management. The information considered includes:

- how the performance of the asset is evaluated and reported to management;
- the risks that affect the performance of the business model and how those risks are managed;
- how managers of the business are compensated; and
- the frequency and volume of historic and expected sales.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Company recognises expected credit losses (“ECL”) for all financial assets recognised at amortised cost and for debt instruments that are measured at FVOCI. No impairment loss is recognised on equity investments.

ECLs are a probability-weighted estimate of credit losses and the Company measures it over a financial asset’s lifetime except for financial assets that are not credit-impaired at the reporting date and on which credit loss has not increased significantly since initial recognition, for which they are measured at 12-month ECL. ECL is estimated at the present value of all expected cash shortfalls compared to those due under the contract. For financial assets that are credit-impaired at the reporting date, the ECL is calculated as the difference between the gross carrying amount of the asset and the estimate of the present value of future cash flows.

Debt/equity classification

Under IFRS the critical feature in differentiating a debt instrument from an equity instrument is the existence of a contractual obligation of the Company to deliver cash (or another financial asset) to another entity. Where there is no such contractual obligation, the Company will classify the financial instrument as equity, otherwise it will be classified as a liability and carried at amortised cost. The terms of the perpetual debt instruments issued by the Company permit interest payments to be waived unless the Company has paid a dividend in the previous six months and are therefore considered to be equity.

Property, plant and equipment

All property, plant and equipment is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset including, in respect of leasehold improvements, costs incurred in preparing the property for occupation.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write down the cost of assets to their residual values over their estimated useful lives, as follows:

Computer equipment	2-10 years
Cars	3-5 years
Fixtures and fittings	3-10 years
Leasehold improvements	4-24 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These gains and losses are recognised in the income statement.

Impairment of property, plant and equipment

At each balance sheet date, or more frequently where events or changes in circumstances dictate, property, plant and equipment is assessed for indications of impairment. If such indications are present, those assets are subject to an impairment review. If impaired, the carrying values of assets are written down by the amount of any impairment and the loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset is only increased up to the amount that it would have been had the original impairment not been recognised.

Right of use assets and lease liabilities

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

As a result of the coronavirus pandemic, rent concessions have been granted to lessees, which may take a variety of forms, including payment holidays and deferral of lease payments. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. No such rent concessions have been granted to the Company.

When leases are acquired in a business combination, their accounting treatment is reset as if they were brand new leases as at the acquisition date in the financial statements of the acquirer.

Cash and cash equivalents

Cash and cash equivalents comprise cash and balances with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, including treasury bills and investments in money market funds.

Pensions

The Company's post-retirement benefit arrangements are described in note 22. The Company operates pension and other post-retirement benefit schemes, both funded and unfunded, of the defined benefit and defined contribution types. For defined contribution schemes, the contribution payable in respect of the accounting period is recognised in the income statement.

Re-measurement gains and losses in the defined benefit schemes are recognised outside the income statement and presented in the statement of comprehensive income. The amount recognised in the balance sheet in respect of defined benefit schemes is the difference, if any, between the present value of the defined benefit obligation at the balance sheet date and the fair value of the plan's assets. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The principal assumptions are set out in note 22. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liabilities.

Compensation schemes

The Company operates bonus schemes for the benefit of employees. The costs of such schemes are recognised in the income statement over the period in which the services are rendered that give rise to the obligation. Where the payment of a bonus is deferred until the end of a specified vesting period, the deferred amount is recognised in the income statement over the period up to the date of vesting.

The Company has entered into cash- and equity-settled share-based payment transactions as part of the long-term profit share schemes. The fair value of such awards is independently measured at the date the awards are made and re-measured at each reporting date. Such awards are recognised in the income statement over the vesting period.

Share options are treated as equity-settled share-based payments. They are valued at the date they are granted to employees and that value is recognised in staff costs over the vesting period, with a corresponding adjustment to shareholders' equity. The fair value is calculated based on the overall plan value at the date of grant. In the absence of any market for stock options, models are used to value the share-based payments. The only assumptions revised after the initial measurement, and hence resulting in a revaluation of the expense, are those relating to the probability that employees will leave the R & Co Group.

Taxation

Tax payable on profits and deferred tax are recognised in the income statement except to the extent that they relate to items that are recognised in equity, in which case the tax is also recognised in equity.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates and laws that are expected to apply when a deferred tax asset is realised, or when a deferred tax liability is settled.

Deferred tax assets, including the tax effects of income tax losses available for carry forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is not provided on temporary differences arising from investments in subsidiary undertakings and associated undertakings, unless the timing of the reversal of the temporary difference is controlled by a third party or it is probable that the difference will reverse in the foreseeable future.

Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are declared by the Company's Board of Directors.

Provisions and contingencies

Provisions are recognised only when the Company has a present obligation (legal or constructive) as a result of past events. In addition, it must be probable that a transfer of economic benefits will be required to settle the obligation, and it must also be possible to make a reliable estimate of the amount of the obligation.

Contingent liabilities are possible obligations arising from past events whose existence will be confirmed by one or more uncertain future events not wholly within the Company's control, or present obligations that are not recognised either because it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be reliably estimated. Contingent liabilities are disclosed unless the possibility of a transfer of economic benefits is remote.

Accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

Valuation of financial assets and liabilities

Fair value is the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants. For financial instruments carried at fair value, market prices or rates are used to determine fair value where an active market exists (such as a recognised exchange), as this is the best evidence of the fair value of a financial instrument. Market prices are not, however, available for certain financial assets and liabilities held or issued by the Company. Where no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date.

A description of the valuation techniques used, analysis of assets and liabilities carried at fair value by valuation hierarchy, and a sensitivity analysis of valuations not primarily based on observable market data, is provided in note 3 to the financial statements.

Impairment of financial assets

The Company recognises expected credit losses for all financial assets recognised at amortised cost and for debt instruments that are measured at FVOCI.

The accuracy of any ECL allowance subsequently made depends on how accurately the Company estimates future cashflows for specific counterparties, particularly the fair value of any collateral, and the model assumptions and parameters used in determining provisions. While this necessarily involves judgement, the Company believes that its allowances and provisions are reasonable and supportable.

Pensions

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method and the principal assumptions used are set out in note 22. The assumptions that have the greatest impact on the measurement of the pension fund liability, along with their sensitivities, are also set out in note 22. Pension asset values are based on the position as at the balance sheet date, where available. In cases where the value is not readily available at this date then the most recent audited value has been used, updated to reflect known cashflow movements.

Deferred tax

Deferred tax assets, including those in relation to tax losses carried forward, are only recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. As part of the assessment of recoverability of deferred tax as at the balance sheet date, and using medium-term profit forecasts, the Company expects sufficient taxable profits to arise to utilise the deferred tax assets.

IFRS 16

All contracts are reviewed for evidence that they contain a lease. The calculation of the right of use asset and reciprocal liability includes management assumptions on the Group's incremental borrowing rate and any lease terms which include optional lease periods. Further information is set out in notes 18 and 19.

2 Financial risk management

2.1 Key risks in using financial instruments

The key risks arising from the Company's activities involving financial instruments are as follows:

- Credit risk – the risk of loss arising from client or counterparty default;
- Market risk – exposure to changes in market variables such as interest rates, currency exchange rates, equity and debt prices; and
- Liquidity and funding risk – the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

2.2 Credit risk

Credit risk arises from all exposures to clients and counterparties relating to the Company's lending and investment activities. Limits on credit risk are set by the R&Co Group Executive Committee and overseen by the R&Co Group Credit Committee. The Credit Committee reviews concentrations and makes recommendations on credit decisions to the R&Co Group Assets and Liabilities Committee. Credit risk limits are set, where appropriate, in respect of exposures to individual clients or counterparties, to industry sectors and to countries.

Exposure to credit risk is managed by detailed analysis of counterparty creditworthiness prior to entering into an exposure, and by continued monitoring thereafter. A significant proportion of the Company's non-group lending exposures is secured on property or other assets and the Company monitors the value of this collateral. For internal monitoring purposes, credit exposure on loans and debt securities is measured as the principal amount outstanding plus accrued interest. Credit exposure on derivatives is measured as the current replacement value plus an allowance for the potential change in replacement value.

The Company recognises expected credit losses for all financial assets recognised at amortised cost and for debt instruments that are measured at FVOCI. No impairment loss is recognised on equity investments.

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired at the reporting date and on which credit loss has not increased significantly since initial recognition is classified as Stage 1 and its ECL is measured at expected credit losses over the next 12 months.

- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit impaired and its ECL is measured based on expected credit losses on a lifetime basis.

- A financial instrument that is deemed to be credit-impaired is moved to Stage 3 ECL is measured based on expected credit losses on a lifetime basis.

The Credit Committee reviews credit exposures on loans and debt securities on a quarterly basis using the following categories:

Category	Definition	ECL basis of measurement
Category 1	Exposures where the payment of interest or principal is not in doubt and which are not designated categories 2 to 5.	Stage 1 (except for trade receivables – Stage 2)
Category 2	Exposures where the payment of interest or principal is not in doubt, but which require closer observation than usual due to some deterioration in the position of the client, for example: poor trading results; difficult conditions in the client's market sector; competitive or regulatory threats; or the potential impact from currency or other factors.	Stage 2
Category 3	Exposures where there has been further deterioration in the position of the client. Although the exposure is not considered to be impaired, the relationship requires close monitoring by the front office team.	Stage 2
Past due but not impaired	Exposures that have failed to make a scheduled interest or principal repayment although full recovery is expected.	Stage 2
Category 4	Exposures that are considered to be impaired and which carry a provision against part of the loan. Some recovery is expected to be made.	Stage 3
Category 5	Exposures that are considered to be impaired and which carry a full provision. No significant recovery of value is expected.	Stage 3

A Credit risk exposure

The tables below disclose the maximum exposure to credit risk at the reporting date for financial assets with significant exposure to credit risk, without taking account of collateral held or other credit risk mitigation. Accounts receivable are treated as past due when more than 90 days has elapsed since the invoice was issued.

	Stage 1	Stage 2			Stage 3		
	Category 1 £'000	**Category 2 £'000**	**Category 3 £'000**	**Past due but not impaired £'000**	**Categories 4 and 5 £'000**	**Expected credit loss £'000**	**Total (net) £'000**
At 31 December 2023							
Cash	7	-	-	-	-	-	7
Derivatives	1,692	-	-	-	-	-	1,692
Loans and advances - banks	171,807	-	-	-	-	-	171,807
Loans and advances - other	168,820	-	1,106	-	17,884	(9,042)	178,768
Debt securities	54,394	-	-	-	-	-	54,394
Commitments and guarantees	198,034	-	-	-	-	-	198,034
Other financial assets	134,432	-	-	22,706	2,298	(1,649)	157,787
TOTAL	**729,186**	**-**	**1,106**	**22,706**	**20,182**	**(10,691)**	**762,489**
	Category 1 £'000	**Category 2 £'000**	**Category 3 £'000**	**Past due but not impaired £'000**	**Categories 4 and 5 £'000**	**Expected credit loss £'000**	**Total (net) £'000**
At 31 December 2022							
Cash	10	-	-	-	-	-	10
Loans and advances - banks	238,026	-	-	-	-	-	238,026
Loans and advances - other	189,404	-	1,102	-	16,699	(10,860)	196,345
Debt securities	52,194	-	-	-	-	-	52,194
Commitments and guarantees	196,041	-	-	-	-	-	196,041
Other financial assets	114,923	-	-	17,328	6,788	(3,886)	135,153
TOTAL	**790,598**	**-**	**1,102**	**17,328**	**23,487**	**(14,746)**	**817,769**

The table below analyses amounts past due but not impaired:

	Past due by < 6 months £'000	Past due by > 6 months £'000	Total £'000
At 31 December 2023			
Other financial assets	14,021	8,685	22,706
TOTAL	**14,021**	**8,685**	**22,706**
At 31 December 2022			
Other financial assets	10,819	6,509	17,328
TOTAL	**10,819**	**6,509**	**17,328**

Notes to the financial statements (forming part of the financial statements)

B Collateral

All third party commercial lending is secured. This collateral is split by type, as either specific or general.

Specific collateral is readily identifiable, the majority of which will be charges over property. If necessary, there is a realistic possibility of both taking possession of and realising the collateral.

General collateral will be more difficult to both identify and realise. It will usually be a general floating charge over the assets of a business and is typically attached to leveraged finance assets. It is not practicable to ascribe a specific value to this collateral.

Unimpaired loans (categories 1 to 3) are covered by both specific and general collateral. Unimpaired amounts covered by specific collateral include property lending of £nil. Where a loan is deemed to be impaired (category 4 and 5 assets), the level of the impairment charge is primarily driven by any expected shortfall in the collateral value, although it is also influenced by the ability of the borrower to service the debt.

Collateral is valued independently at the time the loan is made and periodically thereafter depending on the specific circumstances. Management are able to roll forward a valuation for reporting purposes via a combination of specific knowledge of the collateral, the market and the application of general indices.

The table below gives an estimate of the fair value of collateral, all of which is property related, that could be realised by the Company as security against exposures to customers that are individually impaired and past due but not impaired. There is no collateral recognised for other asset classes.

	Individually impaired 2023 £'000	Individually impaired 2022 £'000
Property	8,511	10,312
Amount of loans collateralised	15,437	16,699

C Credit risk concentrations

The Company monitors concentrations of credit risk by geographic location and by industry sector. The following tables show an analysis of credit risk by location and by sector. The location for loans and advances is determined by reference to the location of the borrower, and debt securities are recorded based on the location of the issuer of the security.

Credit risk by location	UK and Channel Islands £'000	Other Europe £'000	US and Canada £'000	Other £'000	Total £'000
At 31 December 2023					
Cash and balances at central banks	7	-	-	-	7
Derivatives	1,692	-	-	-	1,692
Loans and advances - banks	39,815	127,441	4,551	-	171,807
Loans and advances – other	97,690	78,757	-	2,321	178,768
Debt securities	54,394	-	-	-	54,394
Commitments and guarantees	198,034	-	-	-	198,034
Other financial assets	99,928	42,791	5,741	9,327	157,787
TOTAL	**491,560**	**248,989**	**10,292**	**11,648**	**762,489**
At 31 December 2022					
Cash and balances at central banks	10	-	-	-	10
Loans and advances - banks	79,903	153,288	4,835	-	238,026
Loans and advances - other	148,207	46,812	-	1,326	196,345
Debt securities	52,194	-	-	-	52,194
Commitments and guarantees	194,782	-	-	1,259	196,041
Other financial assets	59,565	60,800	4,179	10,609	135,153
TOTAL	**534,661**	**260,900**	**9,014**	**13,194**	**817,769**

Credit risk by industry sector	2023 £'000	2022 £'000
Financial (see below)	55,504	86,960
Real estate (see below)	8,840	9,136
Governments and Central Banks	54,394	52,194
Private persons	751	762
Related party loans, commitments and guarantees	485,213	533,564
TOTAL	**604,702**	**682,616**

Notes to the financial statements
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Financial and real estate sector exposures are analysed as follows:

Financial sector	2023 £'000	2022 £'000
Short term interbank exposures	55,504	85,555
Other	-	1,405
TOTAL	**55,504**	**86,960**

Short term interbank lending is held for liquidity management purposes.

Real estate sector	2023 £'000	2022 £'000
Senior loans	8,840	9,136
TOTAL	**8,840**	**9,136**

D Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

	2023			2022		
	Gross amount of financial asset £'000	Gross amount of financial liability offset £'000	Net amount £'000	Gross amount of financial asset £'000	Gross amount of financial liability offset £'000	Net amount £'000
Financial assets offset						
Loans and advances - banks	-	-	-	20,492	(19,087)	1,405
Loans and advances - others	150,078	(114,710)	35,368	216,051	(121,235)	94,816
Financial liabilities offset						
Due to Banks	28	(323)	(295)	-	-	-

2.3 Market risk

Market risk arises as a result of the Company's activities in interest rate, currency, equity and debt markets and comprises interest rate, foreign exchange and equity and debt price risk. Exposure to market risk continues to be small in relation to capital.

Limits on market risk exposure are set by the R&Co Group Assets and Liabilities Committee and are independently monitored.

Market risks associated with treasury and equity positions are set out below with a description of risk management and the levels of risk.

Equities

The Company has exposure to equity price risk through holdings of equity investments (excluding pension assets). Each position is approved by senior management and is monitored on an individual basis. The table below shows the Company's equity price risk by location, excluding investments in money market funds which can be redeemed on demand (see note 12).

Equity price risk by location	UK £'000	Other Europe £'000	Total £'000
At 31 December 2023			
Equity investments	151,886	3	151,889
At 31 December 2022			
Equity investments	199,882	44,964	244,846

If the price of these equities were to fall by 5 per cent, then there would be a post-tax charge to the income statement of £755,000 and a post-tax charge to equity of £6,588,000 (2022: £980,000 and £10,962,000 respectively). Similarly, if the price of the remaining equities were to rise by 5 per cent, then there would be a post-tax credit to the income statement of £755,000 and a post-tax credit to equity of £6,588,000 (2022: £980,000 and £10,962,000 respectively).

Currency risk

The table below summarises net exposure to foreign currency exchange rate risk measured by reference to the foreign currency exposures of monetary assets and liabilities after taking account of positions in derivatives. The net exposure reflects timing differences between the recognition of foreign currency revenues and subsequent hedging transactions.

	Long/(short) 2023 £'000	Long/(short) 2022 £'000
US$	2,604	(148)
Euro	6,646	(728)
Other	(417)	1,570

If the value of these currencies fell by 5 per cent against sterling, then there would be a post-tax charge to the income statement of £331,000 (2022: charge of £27,000). There would be no material impact on equity.

If the value of these currencies rose by 5 per cent against sterling, then there would be a post-tax credit to the income statement of £331,000 (2022: credit of £27,000). There would be no material impact on equity.

Interest rate risk

The following table summarises exposure to interest rate risk by showing the impact on the fair value of interest-bearing assets and liabilities, and of interest rate derivatives, if base interest rates in each currency shown moved up or down by 1 per cent. This table includes all interest rate risk within the businesses, and the structural interest rate exposure that arises from the reinvestment of shareholders' funds.

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	Sterling £'000	Euro £'000
At 31 December 2023		
+ 1%	(850)	441
- 1%	850	(441)
At 31 December 2022		
+ 1%	(1,550)	1,074
- 1%	1,550	(1,074)

IBOR (Interbank Offered Rates) reform has resulted in certain interest rate benchmarks being phased out. EUR, GBP and CHF LIBOR were discontinued at the end of 2021 and USD LIBOR was discontinued in June 2023. The Company, via the Group ALCO which has oversight of the IBOR transition for the R&Co Group, evaluated the impact of this on its lending, borrowings and processes and given the nature of our business, no significant financial or operational effects resulting from IBOR transition have been noted. Lending facilities now reference SONIA (Sterling Overnight Index Average).

2.4 Liquidity risk

Liquidity risk is defined as the risk that an entity cannot meet its cash obligations as they fall due. Liquidity risk arises principally from the mismatch of contractual maturities of assets and liabilities inherent in the business, including contingent liabilities. The Company's policy is to ensure that it has sufficient resources to meet its financial commitments as they are expected to fall due and this is monitored on a daily basis. This is overseen by the NMR Balance Sheet and Treasury Committee which, along with approving the types of liquid assets held by the Company, monitors projected cash positions over the next 18 months.

The tables below analyse the Company's financial assets and liabilities based on contractual maturity, apart from the equity investments in the money market funds which can be called upon for settlement on demand. Loan commitments and guarantees are included at the earliest date they can be drawn down or called upon.

	Carrying Value £'000	Demand/ next day £'000	2 days - 3m £'000	3m - 1 yr £'000	> 1 year £'000	No fixed maturity £'000	Total £'000
At 31 December 2023							
Cash	7	7	-	-	-	-	7
Loans and advances - banks	171,807	56,807	115,000	-	-	-	171,807
Loans and advances - other	178,768	-	31,475	112,045	35,248	-	178,768
Investment securities	279,870	73,587	54,394	-	-	151,889	279,870
Derivatives	1,692	-	1,692	-	-	-	1,692
Other financial assets	157,787	-	157,787	-	-	-	157,787
TOTAL	**789,931**	**130,401**	**360,348**	**112,045**	**35,248**	**151,889**	**789,931**
Due to banks	295	295	-	-	-	-	295
Due to group companies	47,948	47,948	-	-	-	-	47,948
Derivatives	-	-	-	-	-	-	-
Commitments and guarantees	198,034	-	198,034	-	-	-	198,034
Lease liabilities	193,531	-	1,604	4,733	187,194	-	193,531
Other financial liabilities	50,939	-	50,939	-	-	-	50,939
TOTAL	**490,747**	**48,243**	**250,577**	**4,733**	**187,194**	**-**	**490,747**

Notes to the financial statements
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	Carrying Value £'000	Demand/ next day £'000	2 days - 3m £'000	3m - 1 yr £'000	> 1 year £'000	No fixed maturity £'000	Total £'000
At 31 December 2022							
Cash	10	10	-	-	-	-	10
Loans and advances - banks	238,026	48,026	190,000	-	-	-	238,026
Loans and advances - other	196,345	-	59,349	14,011	122,985	-	196,345
Investment securities	398,773	101,733	52,194	-	-	244,846	398,773
Other financial assets	135,153	-	135,153	-	-	-	135,153
TOTAL	**968,307**	**149,769**	**436,696**	**14,011**	**122,985**	**244,846**	**968,307**
Due to group companies	36,100	36,100	-	-	-	-	36,100
Derivatives	4,698	-	4,698	-	-	-	4,698
Commitments and guarantees	196,041	-	196,041	-	-	-	196,041
Lease liabilities	184,332	-	1,553	4,844	177,935	-	184,332
Other financial liabilities	54,490	-	54,490	-	-	-	54,490
TOTAL	**475,661**	**36,100**	**256,782**	**4,844**	**177,935**	**-**	**475,661**

2.5 Maturity of financial liabilities

The following table shows undiscounted contractual cash flows, including interest, payable by the Company on financial liabilities, analysed by remaining contractual maturity at the balance sheet date. Loan commitments and guarantees are included at the earliest date they can be drawn down or called upon. This table does not reflect the liquidity position of the Company.

	Carrying Value £'000	Demand/ next day £'000	2 days - 3m £'000	3m - 1 yr £'000	> 1 year £'000	No fixed maturity £'000	Total £'000
At 31 December 2023							
Due to banks	295	295	-	-	-	-	295
Due to group companies	47,948	47,948	-	-	-	-	47,948
Derivatives	-	-	-	-	-	-	-
Lease liabilities	193,531	-	3,555	10,684	233,091	-	247,330
Other financial liabilities	50,939	-	50,939	-	-	-	50,939
TOTAL	**292,713**	**48,243**	**54,494**	**10,684**	**233,091**	**-**	**346,512**
Commitments and guarantees	**198,034**	**-**	**198,034**	**-**	**-**	**-**	**198,034**
At 31 December 2022							
Due to group companies	36,100	36,100	-	-	-	-	36,100
Derivatives	4,698	-	4,698	-	-	-	4,698
Lease liabilities	184,332	-	3,463	10,441	240,941	-	254,845
Other financial liabilities	54,490	-	54,490	-	-	-	54,490
TOTAL	**279,620**	**36,100**	**62,651**	**10,441**	**240,941**	**-**	**350,133**
Commitments and guarantees	**196,041**	**-**	**196,041**	**-**	**-**	**-**	**196,041**

Notes to the financial statements
(forming part of the financial statements)

2.6 Capital management

The Company's capital management policy is to ensure that it is strongly capitalised and compliant with regulatory requirements. Furthermore, the Company's risk management processes are designed to ensure that all risks are identified and are covered by capital or other appropriate matters.

The FCA introduced a new set of regulatory rules for UK Investment firms with effect from 1st January 2022, named the Investment Firms Prudential Regime ('IFPR'). Under IFPR, NMR meets the balance sheet and revenue thresholds that make it a Large Non-SNI firm. The new prudential regime includes – inter alia – requirements for maintaining minimum levels of regulatory capital which are reported to the Financial Conduct Authority quarterly.

3 Fair value of financial assets and liabilities

Fair value is the price that would be received on selling an asset or paid to transfer a liability in an orderly transaction between market participants. For financial instruments carried at fair value, market prices or rates are used to determine that fair value where an active market exists (such as a recognised exchange), as this is the best evidence of the fair value of a financial instrument. Market prices are not, however, available for certain financial assets and liabilities held or issued by the Company. Where no active market price or rate is available, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions existing at the balance sheet date. The valuation may be derived from quotations received from various sources. Where the market is illiquid, the quotations may not be supported by prices from actual market transactions.

Valuation techniques are generally applied to over the counter derivative transactions and unlisted debt and equity securities. The most frequently applied pricing models and valuation techniques use discounted cashflows. The values derived from modelling discounted cashflows are significantly affected by judgements and assumptions made concerning factors such as the amounts and timing of future cashflows, discount rates and credit quality.

The methods adopted to determine the fair value of each type of financial asset or liability are summarised below:

- **Cash and balances at central banks, loans and advances - banks and due to banks.** The fair values of these instruments are materially the same as their carrying values due to their short-term nature.
- **Loans and advances - other.** The fair values of loans and advances to customers are based on observable market transactions, obtained from market data providers where available. Where observable market transaction data is not available, fair value is estimated using valuation models that incorporate a range of input assumptions. These assumptions include estimates of current market pricing and valuations of collateral held, adjusted by appropriate indices.
- **Due to group companies.** The fair values of these instruments are determined by discounting the future cashflows at current market interest rates for instruments of similar remaining maturities, adjusted for the appropriate credit spread.
- **Other financial assets and liabilities.** Fair value is considered to be the same as carrying value for these assets.
- **Derivatives and debt and equity securities.** These are carried in the balance sheet at fair value, usually determined using quoted market prices or other observable inputs. Debt securities or unlisted equity securities for which no price is available are valued by discounting expected future cashflows at market interest rates adjusted for appropriate credit spreads or using other valuation techniques.

Notes to the financial statements
(forming part of the financial statements)

The fair values of financial assets and liabilities have been classified into a three level valuation hierarchy, whereby the valuation level is determined using the following criteria:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from market data to a significant extent). This category includes instruments that are valued based on quoted prices for similar instruments and for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Level 3: Inputs for the asset or liability that are not based primarily on observable market data (unobservable inputs). Typically, this will be used for instruments with uncertain cashflows and the valuation will therefore depend upon the expected cashflows, estimated maturity and the discount factor used.

Financial assets and liabilities carried at amortised cost

			Measured using		
	Carrying value £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
At 31 December 2023					
Financial assets					
Loans and advances - banks	171,807	171,807	-	171,807	-
Loans and advances - other	178,768	178,768	-	172,373	6,395
Debt securities	54,394	54,530	54,530	-	-
Other financial assets	157,787	157,787	-	157,787	-
TOTAL	**562,756**	**562,892**	**54,530**	**501,967**	**6,395**
Financial liabilities					
Due to banks	295	295	-	295	-
Due to group companies	47,948	47,948	-	47,948	-
Other financial liabilities	50,939	50,939	-	50,939	-
TOTAL	**99,182**	**99,182**	**-**	**99,182**	**-**
At 31 December 2022					
Financial assets					
Loans and advances - banks	238,026	238,026	-	238,026	-
Loans and advances - other	196,345	196,681	-	190,845	5,836
Debt securities	52,194	52,394	52,394	-	-
Other financial assets	135,153	135,153	-	135,153	-
TOTAL	**621,718**	**622,254**	**52,394**	**564,024**	**5,836**
Financial liabilities					
Due to group companies	36,100	36,100	-	36,100	-
Other financial liabilities	54,490	54,490	-	54,490	-
TOTAL	**90,590**	**90,590**	**-**	**90,590**	**-**

Notes to the financial statements (forming part of the financial statements)

Financial assets and liabilities carried at fair value

	Carrying value equal to fair value £'000	Measured using Level 1 £'000	Level 2 £'000	Level 3 £'000
At 31 December 2023				
Financial assets				
Derivatives	1,692	-	1,692	-
Equity securities	225,476	93,676	44	131,756
TOTAL	**227,168**	**93,676**	**1,736**	**131,756**

	Carrying value equal to fair value £'000	Measured using Level 1 £'000	Level 2 £'000	Level 3 £'000
At 31 December 2022				
Financial assets				
Equity securities	346,579	162,311	44	184,224
TOTAL	**346,579**	**162,311**	**44**	**184,224**
Financial liabilities				
Derivatives	4,698	-	4,698	-
TOTAL	**4,698**	**-**	**4,698**	**-**

Assets measured at fair value based on Level 3

There were no significant transfers between assets valued at Level 1 and at Level 2 in the period. The movements in assets valued using Level 3 valuation are as follows:

	2023	2022
Equity securities	**£'000**	**£'000**
Opening balance	184,224	145,078
Total (losses) and gains:		
- through other comprehensive income	(52,468)	39,146
CLOSING BALANCE	**131,756**	**184,224**

The table below sets out information about significant unobservable inputs used at 31 December 2023 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Description	Fair value £'000	Valuation technique	Unobservable input	Fair value measurement sensitivity to unobservable inputs
Equity securities – fair value through OCI	131,756	External valuation based on asset value	Value of underlying property based on market yields	Increase in initial yield of 0.1% would give rise to a decrease in fair value of £4.5m

Notes to the financial statements
(forming part of the financial statements)

4 Net fee and commission income

	2023 £'000	2022 £'000
Fee and commission income		
Global Advisory fees received	412,975	591,345
Banking and credit related fees and commissions	175	149
TOTAL	**413,150**	**591,494**
Fee and commission expense		
Global Advisory fees payable	76,154	88,456
Other fees paid	277	183
TOTAL	**76,431**	**88,639**

Global advisory fees payable represent fees paid to other members of the R&Co Group where the Company has worked in collaboration with another group company on a transaction.

5 Net interest income

	2023 £'000	2022 £'000
Interest income		
Interest earned on loans and advances	18,461	5,820
Interest earned on investment securities measured at amortised cost	1,632	913
Interest earned on investment securities measured at fair value through profit and loss	-	202
Interest earned on other financial assets measured at fair value through profit and loss	3,873	2,672
TOTAL	**23,966**	**9,607**
Interest expense		
Interest on amounts due to banks and customers	7,217	2,015
Interest on lease liabilities	7,795	7,160
TOTAL	**15,012**	**9,175**

Included within interest income is £397,000 (2022: £231,000) in respect of interest income accrued on impaired financial assets.

6 Dividend income

	2023 £'000	2022 £'000
Dividends from subsidiary undertakings	50,293	17,000
Dividends from other group companies	10,946	3,569
Dividends from investments measured at fair value through profit and loss	4,454	999
TOTAL	**65,693**	**21,568**

Notes to the financial statements
(forming part of the financial statements)

7 Other operating income / (expense)

	2023 £'000	2022 £'000
Other operating income		
Rental income	66	34
Equities designated as fair value through profit and loss – net change in fair value	2,718	(4,127)
Foreign exchange gains/(losses)	236	298
Other	-	71
TOTAL	**3,020**	**(3,724)**

8 Operating expenses

	Note	2023 £'000	2022 £'000
Staff costs	9	310,565	381,385
Administrative expenses		46,789	41,626
Less: recharges to other group companies		(45,749)	(39,134)
TOTAL		**311,605**	**383,877**

The auditor's remuneration was as follows:

	2023 £'000	2022 £'000
Audit fees relating to the Company	437	384
Audit fees relating to subsidiary undertakings and other affiliates	92	69
TOTAL	**529**	**453**

Included within audit fees relating to the Company is £37,000 in respect of the prior year audit.

Remuneration payable to the auditor and its associates for non-audit work was as follows:

	2023 £'000	2022 £'000
Audit-related assurance services	69	62
TOTAL	**69**	**62**

9 Staff costs

	Note	2023 £'000	2022 £'000
Fixed and variable remuneration		257,573	305,851
Social security costs		35,535	44,829
Staff benefits and other staff costs		15,078	20,268
Pension costs			
- defined benefit plans	22	(6,167)	2,900
- defined contribution plans	22	8,134	7,265
Post-retirement benefits		412	272
TOTAL STAFF COSTS		**310,565**	**381,385**

The number of persons employed as at the period end was as follows:

	2023	2022
Global Advisory	581	594
Support	363	347
TOTAL	**944**	**941**

The average number of persons employed was as follows:

	2023	2022
Global Advisory	606	551
Support	355	325
TOTAL	**961**	**876**

Deferred remuneration and share-based payments

As part of its variable pay strategy, the Company operates various incentive schemes for the benefit of employees. These schemes consist of deferred cash bonuses and, for certain key staff, various deferred share-based payment awards.

The cash awards are paid one, two and three years after the year of the award, and the expense is recognised over the two, three and four year periods from the start of the year of the award to the date of payment. These awards are paid on the condition that the recipient is still an employee of the R&Co Group.

A commitment to employees exists in connection with deferred remuneration. Some of this has not yet accrued because it relates to a future service period. The amount of potential future payments that have not yet accrued is £41,100,000 (2022: £71,314,000).

The objective of the deferred share-based payment awards is to link the reward of certain key staff with the performance of the Company. In addition to the requirement to remain employed by the R&Co Group, these awards may also be cancelled under specific circumstances.

The terms of the different share-based payment awards are as follows:

Rothschild & Co equity scheme

Rothschild & Co granted options in Rothschild & Co shares to a number of key staff. Under the equity scheme rules, the equity scheme participants were required to invest in Rothschild & Co shares and, for each share owned, Rothschild & Co granted four share options. Shares invested in were subject to a four-year lock-up period and the share options granted were subject to a vesting period before exercise. A quarter of the share options vest on each of the third, fourth, fifth and sixth anniversaries of the equity scheme and the share options are exercisable on the vesting dates, but not later than the tenth anniversary of the award, at various prices according to when the options were issued.

Movements in the number of share options outstanding are as follows:

	2023		2022	
	Number	Weighted average exercise price €	Number	Weighted average exercise price €
At beginning of period	**1,305,000**	**27.04**	**1,580,000**	**25.83**
Issued	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Cancelled	-	-	-	-
Exercised	(1,305,000)	27.04	(275,000)	20.06
AT END OF PERIOD	**-**	**-**	**1,305,000**	**27.04**
Exercisable at the end of the period	-	-	923,750	24.74

All remaining share options were exercised in the year following the decision of Concordia, the holding company of the Rothschild family and the largest shareholder of Rothschild & Co, to file a simplified tender offer for all Rothschild & Co shares.

Share-options outstanding at the period end were as follows:

Exercise price range €	2023		2022	
	Number of options outstanding	Weighted average contractual life (years)	Number of options outstanding	Weighted average contractual life (years)
17.50	-	-	80,000	0.75
18.00	-	-	100,000	0.75
19.00	-	-	150,000	0.75
20.00	-	-	175,000	0.75
23.62	-	-	10,000	2.95
24.12	-	-	10,000	2.95
25.12	-	-	20,000	2.95
26.12	-	-	20,000	2.95
31.56	-	-	70,000	5.00
32.06	-	-	70,000	5.00
33.06	-	-	70,000	5.00
34.06	-	-	70,000	5.00
26.10	-	-	38,750	0.75
27.10	-	-	38,750	0.75
29.10	-	-	46,250	0.75
31.10	-	-	66,250	0.75
26.10	-	-	25,000	6.75
26.60	-	-	25,000	6.75
27.60	-	-	25,000	6.75
28.60	-	-	25,000	6.75
39.45	-	-	42,500	8.75
39.95	-	-	42,500	8.75
40.95	-	-	42,500	8.75
41.95	-	-	42,500	8.75
TOTAL	**-**	**-**	**1,305,000**	**3.30**

The options were valued by an independent valuer using a Black-Scholes option valuation model. The key inputs into this model were the price of the underlying Rothschild & Co shares, the expected volatility of the share price (for which the historic volatility has been the primary consideration), and the estimated exercise date of the options (which is assumed to be the mid-point between the dates of vesting and expiry). The valuation was based on the assumption that all recipients will remain with the Group.

The fair value of the share-based payments made in the period was £3.8m (2022: £3.6m). This amount is charged to the income statement over the period of employee service required under the vesting conditions. As the options are equity-settled, there is no liability booked in the balance sheet in respect of these options, and there is no periodic charge or credit in the income statement as the options change in value.

Notes to the financial statements (forming part of the financial statements)

Rothschild & Co share-based payments

The Company committed to pay a number of staff deferred awards in the form of Rothschild & Co shares. The shares were to be delivered to employees as long as the recipients were still employed by the R & Co Group at the time of vesting. The value of the shares at the date of award is expensed over the service period, until vesting. The liability is treated as either a cash or equity-settled share-based payment and revalued at each reporting period, with the changes in value recognised in the income statement. The total expense recognised for the period arising from share-based payment transactions is £2.7m (2022: £2.3m).

In February 2023, as a result of the proposed offer for the Rothschild & Co shares, the R&Co Group decided it could no longer operate an effective equity-settled non-cash instrument award scheme, so it informed affected employees that existing non-cash instrument awards would be settled in cash. In accounting terms, these changes make these instruments cash-settled, whereas they were previously equity-settled with the on-balance sheet portion of the commitment in equity. The accounting policy is to revalue amounts in equity to their fair value before they are transferred to the balance sheet, as a liability. The liability for a cash-settled award subsequently moves in line with the underlying share value, with differences booked in the income statement.

All non-cash instrument awards made in 2023 and in future years are being made in the form of notional shares (both deferred and non-deferred), which track the value of Rothschild & Co shares and will be settled in cash.

10 Tax

Tax charged to the income statement:

	2023 £'000	2022 £'000
Current tax:		
- Current year	13	25,111
- Prior year adjustments	(249)	3,941
Total current tax	**(236)**	**29,052**
Deferred tax:		
- Origination and reversal of timing differences	9,108	5,782
- Prior year adjustments	266	(4,601)
Total deferred tax	**9,374**	**1,181**
TOTAL TAX CHARGED TO INCOME STATEMENT	**9,138**	**30,233**

Tax on items credited to other comprehensive income:

	2023 £'000	2022 £'000
Deferred tax on securities measured at fair value through OCI	-	(30)
Current tax on securities measured at fair value through OCI	24	19
Deferred tax on actuarial gains and losses on defined benefit pension schemes	(11,706)	22,269
TOTAL TAX (CREDITED) / CHARGED TO OTHER COMPREHENSIVE INCOME	**(11,682)**	**22,258**

Notes to the financial statements
(forming part of the financial statements)

Tax on items credited to equity:

	2023 £'000	2022 £'000
Current tax on distributions to holders of perpetual instruments	(3,652)	(1,995)
Current tax on exercise of share options	(4,219)	(567)
Current tax on IFRS 9 transition	(6)	(5)
Deferred tax on IFRS 9 transition	(1)	5
Current tax on right of use assets	(320)	(259)
Deferred tax on right of use assets	320	261
Deferred tax credit on carried forward interest allowance	(952)	-
Deferred tax on valuation of share options	2,524	777
	(6,306)	**(1,783)**

For the purposes of these financial statements, it has been assumed that not all of the interest borne by the Company is tax deductible.

The tax charged on income differs from the theoretical amount that would arise using the standard tax rate as follows:

	2023 £'000	2022 £'000
Profit before tax	88,536	125,199
Tax calculated at the UK corporation tax rate of 25% (2022:19%)	22,134	23,788
Adjustment to tax charge in respect of prior years	17	(660)
Impact on deferred tax of corporation tax rate change	(850)	9,679
Non tax deductible expenses	1,769	533
Group dividends not subject to tax	(14,391)	(3,908)
Irrecoverable dividend withholding tax	1,850	737
Impact of changes in tax rates	(1,328)	-
Other	(63)	64
TOTAL TAX CHARGED TO INCOME STATEMENT	**9,138**	**30,233**

Further information about deferred tax is presented in note 21.

Notes to the financial statements (forming part of the financial statements)

11 Loans and advances

	2023 £'000	2022 £'000
Loans and advances - banks:		
Included in cash and cash equivalents - group	50,432	111,941
Included in cash and cash equivalents – other	55,504	65,708
Other – group lending	65,871	40,191
Other – lending to banks	-	20,186
TOTAL	**171,807**	**238,026**

	2023 £'000	2022 £'000
Loans and advances - other:		
Loans and advances to group companies	169,176	186,803
Loans and advances – other customers	18,634	20,403
Allowance for credit losses - other	(9,042)	(10,861)
TOTAL	**178,768**	**196,345**

All loans and advances are measured at amortised cost less allowances for credit losses.

Loans and advances to and amounts due to certain group companies are subject to legally binding netting agreements and are thus reported net. The amount netted at 31 December 2023 was £115,033,000 (2022: £140,359,000).

The movement in the allowance for credit losses on loans and advances to customers is as follows:

	Stage 1 12 month ECL £'000	Stage 2 Lifetime ECL £'000	Stage 3 Lifetime ECL (impaired assets) £'000	Total £'000
At 1 January 2023	**49**	**500**	**10,312**	**10,861**
Charge/(credit) to income statement	(18)	-	458	440
Amounts written off	-	-	(2,259)	(2,259)
AT 31 DECEMBER 2023	**31**	**500**	**8,511**	**9,042**
At 1 January 2022	**38**	**500**	**10,312**	**10,850**
Charge/(credit) to income statement	11	-	(305)	(294)
Recoveries	-	-	305	305
AT 31 DECEMBER 2022	**49**	**500**	**10,312**	**10,861**

Notes to the financial statements
(forming part of the financial statements)

12 Investment securities

	2023 £'000	2022 £'000
Debt securities – amortised cost	53,992	51,956
Accrued interest	402	238
TOTAL DEBT SECURITIES	**54,394**	**52,194**
Equity securities - fair value through profit and loss (excluding money market funds)	20,133	25,607
Equity securities – fair value through OCI	131,756	219,239
	151,889	**244,846**
Equity securities – fair value through profit and loss (money market funds)	73,587	101,733
TOTAL EQUITY SECURITIES	**225,476**	**346,579**
TOTAL INVESTMENT SECURITIES	**279,870**	**398,773**

Debt and equity securities may be analysed as follows:

	2023 £'000	2022 £'000
Debt securities		
- Listed	54,394	52,194
Total debt securities	**54,394**	**52,194**
Equity securities		
- Listed	1,353	46,153
- Unlisted	224,123	300,426
Total equity securities	**225,476**	**346,579**
TOTAL DEBT AND EQUITY SECURITIES	**279,870**	**398,773**

Equity securities include shares in Third New Court Limited.

The movement in debt and equity securities is as follows:

	2023 £'000	2022 £'000
At beginning of year	**398,773**	**439,389**
Additions	200,021	243,395
Disposals (sale and redemption)	(274,246)	(319,003)
Gains from changes in fair value	(49,458)	34,758
Reversal of impairment	4,616	-
Movement in accrued interest	164	234
AT END OF YEAR	**279,870**	**398,773**

During the year, Concordia, the holding company of the Rothschild family and the largest shareholder of Rothschild & Co, announced its intention to file a simplified tender offer for the Rothschild & Co shares. Following clearance from the AMF (Autorité des marchés financiers) the offer was opened on 24 July 2023 at a price of €38.60 Euros per Rothschild & Co share. As a result of this, NMR sold its shares in Rothschild & Co for a net cash receipt of €49.4m in September 2023.

13 Derivatives

The Company's use of financial instruments, including derivatives, is set out in note 2. A derivative is a financial instrument, the value of which is derived from the value of another financial instrument, an index or some other variable ("the underlying"). Typically, the underlying is an interest rate, a currency exchange rate or the price of a debt or equity security. Derivative instruments are carried at fair value, shown in the balance sheet as separate totals of positive fair values (assets) and negative fair values (liabilities). Positive fair values represent the cost to the Company of replacing all transactions with a fair value in the Company's favour if the counterparties default. Negative fair values represent the cost to the Company's counterparties of replacing all their transactions with the Company with a fair value in the counterparties' favour if the Company were to default. Positive and negative fair values on different transactions are only netted if there is a legal right of set-off, the transactions are with the same counterparty and the cashflows will be settled on a net basis. Changes in fair values of derivative instruments are recognised in other income.

During the year, the Company has only entered into forward foreign exchange contracts.

	Notional principal		Positive fair value		Negative fair value	
	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Forward foreign exchange contracts	309,876	318,316	3,275	2,741	(1,583)	(7,439)
TOTAL	**309,876**	**318,316**	**3,275**	**2,741**	**(1,583)**	**(7,439)**

14 Other assets

	2023	2022
	£'000	£'000
Accounts receivable and prepayments	70,621	63,532
Accrued income	32,266	26,164
Intra-group receivables	73,549	67,950
Stock	42	30
Other	14,157	8,563
TOTAL	**190,635**	**166,239**

Accounts receivable are net of allowances of £1,909,000 (2022: £3,528,000).

15 Investments in subsidiary undertakings

	2023	2022
	£'000	£'000
Net book value at beginning of year	**5,899**	**5,899**
NET BOOK VALUE AT END OF YEAR	**5,899**	**5,899**

The subsidiary companies are held at cost of £45,766,000 less impairment provisions of £39,867,000.

The subsidiary undertakings of the Company as at 31 December 2023 are detailed in note 33.

Notes to the financial statements
(forming part of the financial statements)

16 Property, plant and equipment

	Leasehold improvements £'000	Cars, fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost at 1 January 2023	**36,788**	**2,210**	**5,259**	**44,257**
Additions	8,075	431	373	8,879
Retirement	(74)	(227)	-	(301)
At 31 December 2023	**44,789**	**2,414**	**5,632**	**52,835**
Accumulated depreciation at 1 January 2023	**24,911**	**915**	**4,210**	**30,036**
Depreciation charge	2,458	439	662	3,559
Retirement	(74)	(227)	-	(301)
At 31 December 2023	**27,295**	**1,127**	**4,872**	**33,294**
NET BOOK VALUE AT 31 DECEMBER 2023	**17,494**	**1,287**	**760**	**19,541**
Cost at 1 January 2022	**40,863**	**4,050**	**11,168**	**56,081**
Additions	1,401	665	597	2,663
Retirement	(5,476)	(2,505)	(6,506)	(14,487)
At 31 December 2022	**36,788**	**2,210**	**5,259**	**44,257**
Accumulated depreciation at 1 January 2022	**28,122**	**3,042**	**9,946**	**41,110**
Depreciation charge	2,265	378	770	3,413
Retirement	(5,476)	(2,505)	(6,506)	(14,487)
At 31 December 2022	**24,911**	**915**	**4,210**	**30,036**
NET BOOK VALUE AT 31 DECEMBER 2022	**11,877**	**1,295**	**1,049**	**14,221**

17 Right of use assets

	2023 £’000	2022 £’000
Balance at beginning of year	**150,938**	**141,064**
Depreciation charge	(10,246)	(8,689)
Additions	11,284	13,725
Impairment	-	(247)
Revaluations	4,906	5,085
RIGHT OF USE ASSETS AT END OF YEAR	**156,882**	**150,938**

18 Lease liabilities

	2023 £'000	2022 £'000
Balance at beginning of year	**184,332**	**173,120**
Additions	10,772	12,725
Revaluations	4,906	5,024
Rental payments	(14,274)	(13,697)
Interest expense	7,795	7,160
LEASE LIABILITIES AT END OF YEAR	**193,531**	**184,332**

19 Goodwill

	2023 £'000	2022 £'000
At beginning of year	-	4,093
Transfer to Group entity	-	(4,093)
At end of year	**-**	**-**

NMR transferred goodwill at book value to a fellow Group entity during 2022.

20 Other liabilities

	2022 £'000	2022 £'000
Accounts payable	7,186	4,750
Intra-group payables	37,381	40,976
Other liabilities	9,020	9,760
TOTAL	**53,587**	**55,486**

21 Deferred income taxes

Deferred taxes are calculated on all temporary differences under the liability method using tax rates that have been substantively enacted at the balance sheet date and that are expected to apply when the temporary difference is realised. The current UK corporation tax rate is 25 per cent and is reflected in the carrying value of deferred tax. The movement on the deferred tax account is as follows:

	2023 £'000	2022 £'000
At beginning of year	**(2,802)**	**21,682**
Recognised in income		
Income statement charge	(9,374)	(1,183)
Recognised in equity		
Defined benefit pension arrangements	11,706	(22,269)
Debt and equity securities		
- fair value measurement	-	30
Valuation of share options	(2,524)	(777)
Carried forward interest allowance	952	-
Other	1	(19)
IFRS 9 & 16 transition	(320)	(266)
AT END OF YEAR	**(2,361)**	**(2,802)**

Deferred tax assets less liabilities are attributable to the following items:

	2023 £'000	2022 £'000
Accelerated tax depreciation	1,245	1,677
Deferred profit share arrangements	30,014	38,782
Pension and other post-retirement benefits	(40,123)	(49,131)
Debt and equity securities	(122)	(122)
Right of use asset	5,651	5,971
Carried forward interest allowance	952	-
Other temporary differences	22	21
TOTAL	**(2,361)**	**(2,802)**

The deferred tax charge in the income statement comprises the following temporary differences:

	2023 £'000	2022 £'000
Accelerated tax depreciation	(432)	(421)
Deferred profit share arrangements	(6,244)	7,870
Pensions and other post-retirement benefits	(2,698)	(8,632)
TOTAL	**(9,374)**	**(1,183)**

Pillar Two income taxes legislation have been enacted in France, where the group's parent company, Rothschild & Co SCA, is incorporated. The legislation is effective from 1 January 2024. Under the legislation, the parent company will be required to pay, in France, top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 per cent. It is not expected that there will be any top-up tax due in the group's UK entities.

At the reporting date, the company has unused cumulative disallowed net interest expense carried forward of £8.9m (2022: £12.7m) available to be reactivated against historically disallowed interest. A deferred tax asset has been recognised in respect of £0.95m (2022: nil) of the carried forward interest expense. No deferred tax asset has been recognised in respect of the remaining £1.2m (2022: £3.1m), as it is not considered probable that there will be future reactivated disallowed interest in the foreseeable future for the purposes of IAS 12.

22 Defined benefit pension plans and other post-retirement benefits

The Company operates a pension scheme, the NMR Pension Fund ("the UK Fund"), for the benefit of employees of the Company as well as certain other R&Co Group companies in the United Kingdom. The Fund comprises a defined benefit section, which closed to new entrants in April 2003, and a defined contribution section established with effect from April 2003.

The R&Co Group also operates a separate pension arrangement, The NMR Overseas Pension Fund ("the Overseas Fund" – which together with the UK Fund are referred to below as "the Funds") that shares risks between entities within the group. The Overseas Fund comprises a defined benefit section and defined contribution section, both of which were closed to accrual in April 2017. The R&Co Group policy for allocating to individual entities in the Overseas Fund is based on the share of liabilities relating to employees/former employees of each participating group company.

The Company also has £675,000 (2022: £764,000) of unfunded obligations in respect of pensions and other post-retirement benefits.

Amounts recognised in respect of the various post-retirement schemes at the balance sheet date were as follows (N.B. For the Overseas Fund, all amounts shown relate to the share of obligations and assets allocated to the Company):

	UK Fund £'000	Overseas Fund £'000	Unfunded obligations £'000	Total £'000
At 31 December 2023				
Present value of obligations	(625,966)	(21,442)	(675)	(648,083)
Fair value of plan assets	779,339	29,234	-	808,573
Net defined benefit asset/(liability)	**153,373**	**7,792**	**(675)**	**160,490**

	UK Fund £'000	Overseas Fund £'000	Unfunded obligations £'000	Total £'000
At 31 December 2022				
Present value of obligations	(610,625)	(20,944)	(764)	(632,333)
Fair value of plan assets	799,347	29,509	-	828,856
Net defined benefit asset/(liability)	**188,722**	**8,565**	**(764)**	**196,523**

For the Funds, benefits are based on actual service and final pensionable salary. The weighted average duration of the expected benefit payments from both the UK Fund and the Overseas Fund is 14 years. The Funds are approved by HMRC for tax purposes (the UK Fund is a Registered Scheme and the Overseas

Fund is a Section 615 Scheme) and are operated separately from the Company and managed by independent trustees. The trustees are responsible for payment of the benefits and management of the Funds' assets. The Funds are subject to UK funding regulations, which require the Company and trustees to agree a funding strategy and, if necessary, a contribution schedule.

As with most defined benefit schemes, the Funds expose the Company to a number of risks including longevity, inflation, interest rate and investment performance. These risks are mitigated to an extent by investing in a diversified selection of asset classes, which aims to reduce the volatility of returns and also achieves a level of matching with the underlying liabilities. Overall, the objective for the Funds is to select assets which will generate income and capital growth to meet, together with new contributions (as necessary), the cost of current and, in the case of the UK Fund, future benefits payable by the Funds.

The matching assets that the Funds invest in include corporate bonds, government securities and a specific liability driven investment ("LDI") mandate. The objective of the liability-driven investment mandate is to provide a portfolio of assets that mirror the sensitivity of the Funds' liabilities to changes in interest rates and inflation. For the purposes of efficient portfolio management, the mandates make use of derivative instruments (such as interest rate swaps, inflation swaps and gilt repo), which require collateral to be posted in the event that they have a negative mark to market value. During the year, the Trustee of the UK and Overseas Funds reviewed the level of interest rate and inflation hedging for the funds. Following this review, it was agreed that both Funds would instruct their LDI manager to target a level of hedging of 100% of interest rate sensitivity (excluding the hedging provided by Secure Income Assets) and 100% inflation sensitivity against the Funds' long-term funding targets.

A key risk of using liability-driven investment mandates is that, when interest rates rise, the UK and Overseas funds are required to meet collateral calls. If at some point either of the Funds was unable to do so, it could be forced into reducing its level of hedging. In order to mitigate this risk, the trustees monitor the level of leverage and collateral headroom within each Funds' liability-driven investment portfolio and holds regular discussions with the investment manager and the Funds' investment consultant. The trustees note that the Funds have a relatively low level of leverage compared to many other pension schemes and were not forced to reduce hedging during the second half of 2022 when UK Government yields rose significantly.

The latest formal actuarial valuations of the Funds were carried out as at 31 March 2022 and have been updated for IAS 19 (Revised) purposes to 31 December 2023 by qualified independent actuaries. As required by IAS 19 (Revised), the values of the defined benefit obligation and current service cost have been measured using the projected unit credit method. The net charge to the income statement comprises current service cost, the net interest charge on the net defined benefit liability and administration expenses relating to the management of the pension funds. Remeasurement gains and losses are recognised in full, in the period in which they occur, outside the income statement and presented in other comprehensive income.

Notes to the financial statements (forming part of the financial statements)

The principal actuarial assumptions used in respect of all post-retirement schemes as at the balance sheet date were as follows:

	2023	2022	2021
Discount rate	4.50%	4.80%	UK 2.0% Overseas 1.9%
Retail price inflation	3.00%	3.20%	3.30%
Consumer price inflation	UK and Overseas 2.2%	UK 2.4% Overseas 2.3%	2.40%
Expected rate of uncapped salary increases	2.00%	2.00%	2.00%
Expected rate of increase in pensions in			
Capped at 5.0% per annum	2.90%	3.10%	3.10%
Capped at 2.5% per annum	2.00%	2.10%	2.10%
Life expectancy of a pensioner aged 60:			
Male	28.4	28.8	29.1
Female	29.9	30.3	30.6
Life expectancy of a future pensioner aged 60			
Male	29.7	30.1	30.4
Female	31.3	31.6	31.9

The CPI inflation assumption is set by assuming it is a fixed amount lower than RPI. Following the Government announcement on 25 November 2020 regarding the future of the Retail Prices Index, the CPI assumption has been set using a different fixed amount before and after 2030. The gap between RPI and CPI is assumed to be 1.1% pa up to 2030 and 0.1% pa thereafter. The figures shown in the table are weighted averages at each date.

The defined benefit liability calculation is sensitive to the actuarial assumptions used above. Those that have the most significant impact on the measurement of the liability are as follows, along with an illustration of the sensitivity of the net liability of the UK Fund to those assumptions:

	2023	2022
	£'000	£'000
0.5% increase in discount rate	(39,700)	(39,900)
0.5% increase in price inflation	29,400	29,200
1 year increase in life expectancy	20,200	18,500

The sensitivities shown above reflect only an estimate of the change in the assessed defined obligation for the UK Fund. In practice, any movement leading to a change in the discount rate or price inflation is likely to be partially offset by a change in asset values, and the corresponding overall impact on the net asset is therefore likely to be lower than the amounts above.

Notes to the financial statements
(forming part of the financial statements)

An illustration of the sensitivity of the net liability of the Overseas Fund to actuarial assumptions is shown below:

	2023 £'000	2022 £'000
0.5% increase in discount rate	(1,338)	(1,338)
0.5% increase in price inflation	1,032	1,032
1 year increase in life expectancy	688	612

The movement in the net defined benefit obligation is as follows:

	Plan assets £'000	Defined benefit obligations £'000	Net defined benefit liability £'000
At 1 January 2023	**828,856**	**(632,333)**	**196,523**
Current service cost (net of contributions paid by other plan participants)	-	(1,441)	**(1,441)**
Current service cost relating to other plan participants	-	(231)	**(231)**
Interest income/(cost)	39,140	(29,564)	**9,576**
Re-measurements due to:			
- actual return less interest on plan assets	(31,099)	-	**(31,099)**
- changes in financial assumptions	-	(13,349)	**(13,349)**
- changes in demographic assumptions	-	10,115	**10,115**
- experience gains/(losses)	-	(12,490)	**(12,490)**
-Benefits paid	(31,169)	31,210	**41**
Contributions by the Group	4,582	-	**4,582**
Contributions by other plan participants	231	-	**231**
Administration expenses	(1,968)	-	**(1,968)**
AT 31 DECEMBER 2023	**808,573**	**(648,083)**	**160,490**

	Plan assets £'000	Defined benefit obligations £'000	Net defined benefit liability £'000
At 1 January 2022	**1,074,138**	**(1,000,602)**	**73,536**
Current service cost (net of contributions paid by other plan participants)	-	(2,917)	**(2,917)**
Current service cost relating to other plan participants	-	(666)	**(666)**
Interest income/(cost)	21,273	(19,751)	**1,522**
Re-measurements due to:			
- actual return less interest on plan assets	(241,991)	-	**(241,991)**
- changes in financial assumptions	-	367,090	**367,090**
- changes in demographic assumptions	-	8,780	**8,780**
- experience gains/(losses)	-	(11,614)	**(11,614)**
-Benefits paid	(27,305)	27,347	**42**
Contributions by the Group	3,580	-	**3,580**
Contributions by other plan participants	666	-	**666**
Administration expenses	(1,505)	-	**(1,505)**
AT 31 DECEMBER 2022	**828,856**	**(632,333)**	**196,523**

At 31 December 2023, the fair value of plan assets comprised:

	UK Fund 2023 £'000	Overseas Fund 2023 £'000	Total 2023 £'000
Equities	41,950	1,208	43,158
Private Equity Funds	80,974	7	80,981
Private Market Funds	28,075	-	28,075
Reinsurance	37,223	577	37,800
Secure Income Assets	70,478	4,442	74,920
Illiquid credit	40,724	-	40,724
Diversified Credit	27,523	582	28,105
UK Corporate Bonds	220,184	12,230	232,414
LDI and Gilts	165,038	8,401	173,439
Cash and liquidity funds	67,170	1,787	68,957
TOTAL	**779,339**	**29,234**	**808,573**

The table above reflects the nature of the assets held by the scheme, whether those are directly held as segregated funds or held via pooled investment vehicles. All investments in pooled investment vehicles are considered unquoted. In classifying the assets into quoted and unquoted, Level 1 assets are classified as quoted while Level 2 and 3 are classified as unquoted.

The asset values are based on the position as at 31 December 2023, where available. In cases where the value was not readily available at this date then the most recent audited value has been used, updated to reflect known cashflow movements.

At 31 December 2022, the fair value of plan assets comprised:

	UK Fund 2022 £'000	Overseas Fund 2022 £'000	Total 2022 £'000
Equities	36,185	1,057	37,242
Private Equity Funds	103,221	10	103,231
Private Market Funds	28,587	-	28,587
Reinsurance	58,526	1,742	60,268
Secure Income Assets	69,967	3,509	73,476
Illiquid credit	37,922	-	37,922
Diversified Credit	56,824	888	57,712
UK Corporate Bonds	204,770	11,115	215,885
LDI and Gilts	153,283	9,265	162,548
Cash and liquidity funds	50,062	1,923	51,985
TOTAL	**799,347**	**29,509**	**828,856**

Equities includes £nil (2022: £nil) of shares in companies that are related parties of the Company.

Amounts recognised in the income statement are as follows:

	Note	2023 £'000	2022 £'000
Employers' part of current service cost		1,441	2,917
Net interest cost		(9,576)	(1,522)
Administration expenses		1,968	1,505
TOTAL (INCLUDED IN STAFF COSTS)	**9**	**(6,167)**	**2,900**

Amounts recognised in the statement of comprehensive income:

	2023 £'000	2022 £'000
Actuarial (losses) / gains recognised in the period	(46,824)	122,265
Cumulative actuarial losses recognised in the statement of comprehensive income	(52,740)	(5,916)

As part of the March 2022 triennial actuarial valuations of the UK and Overseas Funds it was agreed that all employer contributions would cease to both schemes with effect from 30 June 2023, subject to the funding position being reviewed on a quarterly basis. Other than in respect of expenses incurred before this date and obligations under the previous schedule of contributions, no contributions have been paid in respect of the defined benefit section to either fund since 30 June 2023.

The Company has assessed that no further liability arises and a surplus can be recognised under IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. This conclusion was reached because the trustees of the Funds do not have a unilateral power to wind up the Funds and the Funds' rules allow the Company an unconditional right to a refund assuming the gradual settlement of plan liabilities over time until all members have left the Funds.

Defined contribution schemes

	Note	2023 £'000	2022 £'000
Contributions paid	**9**	8,134	7,265

These amounts represent contributions to the defined contribution section of the UK Fund and other defined contribution pension arrangements.

Notes to the financial statements (forming part of the financial statements)

23 Contingent liabilities and commitments

	2023 £'000	2022 £'000
Guarantees		
Guarantees and irrevocable letters of credit	130,259	133,239
Commitments		
Undrawn formal standby facilities, credit lines and other commitments to lend	67,775	62,802

From time to time the Company is involved in judicial proceedings or receives claims arising from the conduct of its business. Based upon available information and, where appropriate, legal advice, provisions are made where it is probable that an outflow of resources will be required, and the amount can be reasonably estimated.

24 Operating lease receivables

Minimum commitments receivable for non-cancellable leases of premises and equipment are as follows:

	2023 £'000	2022 £'000
Up to 1 year	91	33
Between 1 and 5 years	365	351
Over 5 years	456	547
TOTAL	**912**	**931**

25 Distributions

	2023 £'000	2022 £'000
Other equity Interests		
Perpetual Floating Rate Subordinated Loan (US$100 million)	4,518	1,863
Perpetual Fixed Rate Subordinated Loan (£75 million)	6,762	6,762
Perpetual Floating Rate Subordinated Loan (€150 million)	4,259	2,100
	15,539	**10,725**
Tax credit thereon	(4,604)	(1,995)
	10,935	**8,730**
Ordinary shares		
Dividends paid	98,000	148,000
TOTAL	**108,935**	**156,730**

The dividends per ordinary share were £1.70 (2022: £2.57).

Notes to the financial statements
(forming part of the financial statements)

26 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with an original maturity of less than three months or are readily convertible into cash.

	2023 £'000	2022 £'000
Cash	7	10
Loans and advances - banks	105,935	177,649
Equity securities – money market funds	73,587	101,733
Debt securities - treasury bills	54,394	39,820
TOTAL	**233,923**	**319,212**

27 Transactions with related parties

Key management personnel are the directors of the Company and of parent companies.

	2023 £'000	2022 £'000
Key management personnel compensation:		
Short-term employee benefits	9,902	9,953
Post-retirement benefits	94	159
Other deferred benefits	3,477	3,741
Termination benefits	-	-
Share-based payment benefits	7,578	4,633

Amounts receivable from related parties of the Company are as follows:

	2023		2022	
	Loans and advances £'000	Other assets £'000	Loans and advances £'000	Other assets £'000
Amounts due from parent companies	60,180	-	127,078	-
Amounts due from subsidiary undertakings	1,106	11,093	1,102	9,885
Amounts due from other related parties	224,119	62,456	210,867	58,065

Amounts receivable include loans to related parties and amounts recoverable from related parties in respect of expenses incurred on their behalf and services provided. Loans are made in the ordinary course of business and on substantially the same terms as comparable transactions with third parties.

Notes to the financial statements
(forming part of the financial statements)

Amounts payable to related parties of the Company are as follows:

	2023			2022		
	Due to banks and customers £'000	Perpetual instruments £'000	Other liabilities £'000	Due to banks and customers £'000	Perpetual instruments £'000	Other liabilities £'000
Amounts due to subsidiary undertakings						
- subordinated	-	51,725	-	-	51,725	-
- other	4,195	-	17,928	1,936	-	21,915
Amounts due to other related parties						
- subordinated	-	72,610	-	-	72,610	-
- other	44,032	-	29,000	34,126	-	29,035

Amounts payable include intra group borrowings and bank account balances held in the ordinary course of business.

Guarantees made on behalf of and received from related parties of the Company are as follows:

	2023 £'000	2022 £'000
Guarantees made on behalf of subsidiary undertakings	130,047	133,027

The above guarantee of £130,047,000 (2022: £133,027,000) is of perpetual floating rate subordinated notes issued by Rothschild & Co Continuation Finance PLC. The issue proceeds have been placed on deposit with the Company on terms similar to those of the notes issued.

The Company has received guarantees from a fellow subsidiary of Rothschild & Co Concordia SAS in respect of certain customer loans.

Commitments provided to related parties of the Company are as follows:

	2023 £'000	2022 £'000
Undrawn credit commitments	67,632	62,654

The Company has entered into a lease agreement with a fellow subsidiary of Rothschild & Co Concordia SAS for the rental of office space. The lease agreement expires in 2040 and is on normal commercial terms.

Amounts recognised in the income statement of the Company in respect of related party transactions are as follows:

	Parent companies £'000	Subsidiary undertakings £'000	Other related parties £'000	Total £'000
Year to 31 December 2023				
Interest income	8,525	-	12,526	21,051
Interest expense	(6,632)	-	(7,361)	(13,993)
Fees and commissions income	174	9,733	24,339	34,246
Fees and commissions expense	-	(28,582)	(36,647)	(65,229)
Dividend income	-	50,293	10,946	61,239
Depreciation on right of use asset	-	-	(7,603)	(7,603)
Recoverable expenses	9,281	4,535	36,153	49,969
Year to 31 December 2022				
Interest income	2,813	-	4,954	7,767
Interest expense	(1,749)	-	(7,233)	(8,982)
Fees and commissions income	145	17,895	62,809	80,849
Fees and commissions expense	-	(34,913)	(46,052)	(80,965)
Dividend income	-	17,000	3,569	20,569
Depreciation on right of use asset	-	-	(7,324)	(7,324)
Recoverable expenses	9,337	3,235	29,762	42,334

Fees and commissions receivable/payable relate to transactions where the Company has worked in collaboration with other group companies.

28 Remuneration of Directors

	2023 £'000	2022 £'000
Directors' emoluments	2,880	2,911
Amounts receivable under deferred bonus schemes	792	1,097
	3,672	**4,008**
Pension contributions to money purchase schemes	6	2
	3,678	**4,010**

The emoluments of the highest paid director were £1,000,000 (2022: £1,021,000).

	2023	2022
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	3	2
Defined Benefit schemes	2	4

29 Share capital

	2023	2022
Allotted, called up and fully paid ordinary shares of £1 each	57,654,551	57,654,551

30 Perpetual instruments

	2023 £'000	2022 £'000
Perpetual fixed rate subordinated notes 9% (£75 million)	48,750	48,750
Perpetual floating rate subordinated notes (€150 million)	51,725	51,725
Perpetual floating rate subordinated notes (US$100 million)	23,860	23,860
TOTAL	**124,335**	**124,335**

The R&Co Group has the option to redeem the £125 million perpetual fixed-rate notes (of which £75m were issued by NMR) on interest payment dates at the higher of nominal value or at a price based on the relevant gilt yield, and on 15 February 2024 at nominal value. After the balance sheet date, on 4 January 2024, the R&Co Group gave contractual notice to the noteholders of its £125m perpetual notes that it would redeem them on 15 February 2024.

31 Subsequent event

On 4 January 2024, the R&Co Group gave contractual notice to the noteholders of its £125m perpetual fixed-rate subordinated 9 per cent notes (including the £75m NMR issuance) that it would redeem them on 15 February 2024 at par value. Before giving this notice there was no obligation on the R&Co Group to redeem these notes and they were considered as part of perpetual instruments within equity. At the point of giving notice, an obligation to repay them was created and they became a liability. The notes were revalued to their redemption value through equity before being transferred to liabilities in the balance sheet. Between 4 January and 15 February, any accrued interest expense on the notes will continue to be recognised in the income statement. The notes were redeemed on 15th February 2024.

32 Parent undertaking and ultimate holding company

The largest group in which the results of the Company are consolidated is that headed by Rothschild & Co Concordia SAS, incorporated in France, and whose registered office is at 23bis, Avenue de Messine, 75008 Paris. The smallest group in which they are consolidated is that headed by Rothschild & Co SCA, a French private partnership whose registered office is also at 23bis, Avenue de Messine, 75008 Paris. The accounts are available on the Rothschild & Co website at www.rothschildandco.com.

The Company's immediate parent company is Rothschild & Co Continuation Limited, a private company limited by shares and incorporated in England and Wales whose registered office is at New Court, St Swithin's Lane, London, EC4N 8AL.

Notes to the financial statements (forming part of the financial statements)

33 Subsidiary undertakings

The subsidiary undertakings of the Company as at 31 December 2023 are detailed below. All subsidiary undertakings are registered in England and Wales except where otherwise indicated.

	Percentage ownership %
The following companies are incorporated in England and Wales and have their registered offices at New Court, St Swithin's Lane, London EC4N 8AL:	
Five Arrows Finance Limited	100
Lanebridge Holdings Limited	100
Lanebridge Investment Management Limited	100
Marplace (Number 480) Limited	100
O.C. Investments Limited	100
RJVTMCO UK Limited	99
Rothschild & Co Australia Holdings Limited	100
Rothschild & Co Nominees Limited	50
Rothschild & Co Continuation Finance PLC	100
Shield Trust Limited	100
Shield MBCA Limited	100
The following companies are incorporated overseas:	
Rothschild & Co Australia Limited *(incorporated in Australia with registered office at Level 34, 88 Phillip Street, Sydney, NSW 2000)*	100
Elsinore Part. e Serv. Ltda*. (incorporated in Brazil with registered office at Av. Brigadeiro Faria Lima 2055/18o. Andar, Jardim Paulistano - São Paulo, SP - 01451-000)*	100
Arena Plaza Jersey GP Limited (in liquidation) *(incorporated in Jersey, C.I. with registered office at Whiteley Chambers, Don Street, St. Helier JE4 9WG)*	100

Notes to the financial statements
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	Percentage ownership	
	%	%
Rothschild & Co Europe B.V. (incorporated in The Netherlands with registered office at Ankersmidplein 2, 1506 CK Zaandam), which owns the following subsidiaries:		50.01
Rothschild & Co Deutschland GmbH (incorporated in Germany with registered office at Börsenstrasse 2-4, 60313 Frankfurt)	100	
Rothschild & Co Italia S.p.A. (incorporated in Italy with registered office at Via Santa Radegonda 8, 20123 - Milan)	90.45	
RothschildCo España S.A. (incorporated in Spain with registered office at Paseo de la Castellana 35, 3 planta, 28046 Madrid)	98	
Rothschild and Co Kurumsal Finansman Hizetleri Limited Sirketi (incorporated in Turkey with registered office at Akmerkez Rezidans Apart Otel No. 14D2, Akmerkez IS Mekezi Yani, Nispetiye Caddesi, 34340 Etiler, Istanbul)	100	
Rothschild & Co Polska Sp. z o.o. (incorporated in Poland with registered office at Emilii Plater 53, 00-113 Warsaw)	100	
Rothschild & Co CIS B.V. (incorporated in The Netherlands with registered office at Ankersmidplein 2, 1506 CK Zaandam)	100	
Rothschild & Co Middle East Limited (incorporated in Dubai with registered office at Office 203, Level 2, Burj Daman, DIFC, PO Box 506570, Dubai)	100	
Rothschild & Co Doha LLC (incorporated in Qatar with registered office at PO Box 31316, Al Fardan Office Tower, West Bay 8th - 9th Floor, Doha)	100	
Rothschild & Co Israel B.V. (incorporated in The Netherlands with registered office at Ankersmidplein 2, 1506 CK Zaandam)	100	
Rothschild & Co Nordic AB (incorporated in Sweden with registered office at Hovslagargatan, 111 48 Stockholm)	100	